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The Financialization of Capitalism

JOHN BELLAMY FOSTER

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The Only Viable Economy

ISTVÁN MÉSZÁROS

An International Guaranteed Income?

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What It Means to Teach

A review by AMY DEMAREST & ELLEN DAVID FRIEDMAN

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Editorial

The 'reform' offensive that started in 1991 as New Economic Policy, has continued 15 years with different cover stories—as 'recovery from BOP crisis' or 'shining India' or 'industrialization'—and still goes on, but not without increasing resistance from those who are direct sufferers of the policy all over India. As a result new 'reform' initiatives are increasingly disguised and obscured. A favorite has become manipulation of the financial sector by the native ruling classes and imperialists. Chidambaram&Co are confident that the issues are too remote from daily life and too complex to become areas of resistance. Part of the recent budget speech of the Finance Minister is an example:

"Innovative Financing for Infrastructure

95. The minimum obligation of States to borrow from the National Small Savings Fund (NSSF) has been brought down to 80 per cent of net collections. Repayments of past NSSF loans by the Central and State Governments have also commenced from 2005-06, making available resources for long-term lending. I therefore propose that these funds may also be borrowed from NSSF by India Infrastructure Finance Company Limited (IIFCL).
96. An initiative that has borne fruit is the launch of the US$5 billion infrastructure financing initiative by Citigroup, Blackstone, IDFC and IIFCL.
97. A committee chaired by Shri Deepak Parekh has made a number of recommendations for financing infrastructure. One of the recommendations is to use a small part of the foreign exchange

(continued on inside back cover)

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The Financialization of Capitalism

JOHN BELLAMY FOSTER

Changes in capitalism over the last three decades have been commonly characterized using a trio of terms: neoliberalism, globalization, and financialization. Although a lot has been written on the first two of these, much less attention has been given to the third.[1] Yet, financialization is now increasingly seen as the dominant force in this triad. The financialization of capitalism—the shift in gravity of economic activity from production (and even from much of the growing service sector) to finance—is thus one of the key issues of our time. More than any other phenomenon it raises the question: has capitalism entered a new stage?

I will argue that although the system has changed as a result of financialization, this falls short of a whole new stage of capitalism, since the basic problem of accumulation within production remains the same. Instead, financialization has resulted in a new hybrid phase of the monopoly stage of capitalism that might be termed "monopoly-finance capital."[2] Rather than advancing in a fundamental way, capital is trapped in a seemingly endless cycle of stagnation and financial explosion. These new economic relations of monopoly-finance capital have their epicenter in the United States, still the dominant capitalist economy, but have increasingly penetrated the global system.

The origins of the term "financialization" are obscure, although it began to appear with increasing frequency in the early 1990s.[3] The fundamental issue of a gravitational shift toward finance in capitalism as a whole, however, has been around since the late 1960s. The earliest figures on the left (or perhaps anywhere) to explore this question systematically were Harry Magdoff and Paul Sweezy, writing for *Monthly Review*.[4]

As Robert Pollin, a major analyst of financialization who teaches economics at the University of Massachusetts at Amherst, has noted: "beginning in the late 1960s and continuing through the 1970s and 1980s" Magdoff and Sweezy documented "the emerging form of capitalism that has now become ascendant—the increasing role of finance in the operations of capitalism. This has been termed 'financialization,' and I

This article was prepared for a panel organized by the Union for Radical Political Economics at the Left Forum in New York, March 11, 2007.

think it's fair to say that Paul and Harry were the first people on the left to notice this and call attention [to it]. They did so with their typical cogency, command of the basics, and capacity to see the broader implications for a Marxist understanding of reality." As Pollin remarked on a later occasion: "Harry [Magdoff] and Paul Sweezy were true pioneers in recognizing this trend....[A] major aspect of their work was the fact that these essays [in *Monthly Review* over three decades] tracked in simple but compelling empirical detail the emergence of financialization as a phenomenon....It is not clear when people on the left would have noticed and made sense of these trends without Harry, along with Paul, having done so first."[5]

From Stagnation to Financialization

In analyzing the financialization of capitalism, Magdoff and Sweezy were not mere chroniclers of a statistical trend. They viewed this through the lens of a historical analysis of capitalist development. Perhaps the most succinct expression of this was given by Sweezy in 1997, in an article entitled "More (or Less) on Globalization." There he referred to what he called "the three most important underlying trends in the recent history of capitalism, the period beginning with the recession of 1974–75: (1) the slowing down of the overall rate of growth, (2) the worldwide proliferation of monopolistic (or oligipolistic) multinational corporations, and (3) what may be called the financialization of the capital accumulation process."

For Sweezy these three trends were "intricately interrelated." Monopolization tends to swell profits for the major corporations while also reducing "the demand for additional investment in increasingly controlled markets." The logic is one of "more and more profits, fewer and fewer profitable investment opportunities, a recipe for slowing down capital accumulation and therefore economic growth which is powered by capital accumulation."

The resulting "double process of faltering real investment and burgeoning financialization" as capital sought to find a way to utilize its economic surplus, first appeared with the waning of the "'golden age' of the post-Second World War decades and has persisted," Sweezy observed, "with increasing intensity to the present."[6]

This argument was rooted in the theoretical framework provided by Paul Baran and Paul Sweezy's *Monopoly Capital* (1966), which was inspired by the work of economists Michal Kalecki and Josef Steindl—and going further back by Karl Marx and Rosa Luxemburg.[7] The monopoly capitalist economy, Baran and Sweezy suggested, is a vastly productive system that generates huge surpluses for the tiny minority of monopolists/oligopolists who are the primary owners and chief beneficiaries of the system. As capitalists they naturally seek to invest

this surplus in a drive to ever greater accumulation. But the same conditions that give rise to these surpluses also introduce barriers that limit their profitable investment. Corporations can just barely sell the current level of goods to consumers at prices calibrated to yield the going rate of oligopolistic profit. The weakness in the growth of consumption results in cutbacks in the utilization of productive capacity as corporations attempt to avoid overproduction and price reductions that threaten their profit margins. The consequent build-up of excess productive capacity is a warning sign for business, indicating that there is little room for investment in new capacity.

For the owners of capital the dilemma is what to do with the immense surpluses at their disposal in the face of a dearth of investment opportunities. Their main solution from the 1970s on was to expand their demand for financial products as a means of maintaining and expanding their money capital. On the supply side of this process, financial institutions stepped forward with a vast array of new financial instruments: futures, options, derivatives, hedge funds, etc. The result was skyrocketing financial speculation that has persisted now for decades.

Among orthodox economists there were a few who were concerned early on by this disproportionate growth of finance. In 1984 James Tobin, a former member of Kennedy's Council of Economic Advisers and winner of the Nobel Prize in economics in 1981, delivered a talk "On the Efficiency of the Financial System" in which he concluded by referring to "the casino aspect of our financial markets." As Tobin told his audience:

> I confess to an uneasy Physiocratic suspicion...that we are throwing more and more of our resources...into financial activities remote from the production of goods and services, into activities that generate high private rewards disproportionate to their social productivity. I suspect that the immense power of the computer is being harnessed to this 'paper economy,' not to do the same transactions more economically but to balloon the quantity and variety of financial exchanges. For this reason perhaps, high technology has so far yielded disappointing results in economy-wide productivity. I fear that, as Keynes saw even in his day, the advantages of the liquidity and negotiability of financial instruments come at the cost of facilitating nth-degree speculation which is short-sighted and inefficient....I suspect that Keynes was right to suggest that we should provide greater deterrents to transient holdings of financial instruments and larger rewards for long-term investors.[8]

Tobin's point was that capitalism was becoming inefficient by devoting its surplus capital increasingly to speculative, casino-like

pursuits, rather than long-term investment in the real economy.[9] In the 1970s he had proposed what subsequently came to be known as the "Tobin tax" on international foreign exchange transactions. This was designed to strengthen investment by shifting the weight of the global economy back from speculative finance to production.

In sharp contrast to those like Tobin who suggested that the rapid growth of finance was having detrimental effects on the real economy, Magdoff and Sweezy, in a 1985 article entitled "The Financial Explosion," claimed that financialization was functional for capitalism in the context of a tendency to stagnation:

> Does the casino society in fact channel far too much talent and energy into financial shell games. Yes, of course. No sensible person could deny it. Does it do so at the expense of producing real goods and services? Absolutely not. There is no reason whatever to assume that if you could deflate the financial structure, the talent and energy now employed there would move into productive pursuits. They would simply become unemployed and add to the country's already huge reservoir of idle human and material resources. Is the casino society a significant drag on economic growth? Again, absolutely not. What growth the economy has experienced in recent years, apart from that attributable to an unprecedented peacetime military build-up, has been almost entirely due to the financial explosion.[10]

In this view capitalism was undergoing a transformation, represented by the complex, developing relation that had formed between stagnation and financialization. Nearly a decade later in "The Triumph of Financial Capital" Sweezy declared:

> I said that this financial superstructure has been the creation of the last two decades. This means that its emergence was roughly contemporaneous with the return of stagnation in the 1970s. But doesn't this fly in the face of all previous experience? Traditionally financial expansion has gone hand-in-hand with prosperity in the real economy. Is it really possible that this is no longer true, that now in the late twentieth century the opposite is more nearly the case: in other words, that now financial expansion feeds not on a healthy real economy but on a stagnant one?
>
> The answer to this question, I think, is yes it is possible, and it has been happening. And I will add that I am quite convinced that the inverted relation between the financial and the real is the key to understanding the new trends in the world [economy].

In retrospect, it is clear that this "inverted relation" was a built-in possibility for capitalism from the start. But it was one that could

materialize only in a definite stage of the development of the system. The abstract possibility lay in the fact, emphasized by both Marx and Keynes, that the capital accumulation process was twofold: involving the ownership of real assets and also the holding of paper claims to those real assets. Under these circumstances the possibility of a contradiction between real accumulation and financial speculation was intrinsic to the system from the start.

Although orthodox economists have long assumed that productive investment and financial investment are tied together—working on the simplistic assumption that the saver purchases a financial claim to real assets from the entrepreneur who then uses the money thus acquired to expand production—this has long been known to be false. There is no necessary direct connection between productive investment and the amassing of financial assets. It is thus possible for the two to be "decoupled" to a considerable degree.[11] However, without a mature financial system this contradiction went no further than the speculative bubbles that dot the history of capitalism, normally signaling the end of a boom. Despite presenting serious disruptions, such events had little or no effect on the structure and function of the system as a whole.

It took the rise of monopoly capitalism in the late nineteenth and early twentieth centuries and the development of a market for industrial securities before finance could take center-stage, and before the contradiction between production and finance could mature. In the opening decades of the new regime of monopoly capital, investment banking, which had developed in relation to the railroads, emerged as a financial power center, facilitating massive corporate mergers and the growth of an economy dominated by giant, monopolistic corporations. This was the age of J. P. Morgan. Thorstein Veblen in the United States and Rudolf Hilferding in Austria both independently developed theories of monopoly capital in this period, emphasizing the role of finance capital in particular.

Nevertheless, when the decade of the Great Depression hit, the financial superstructure of the monopoly capitalist economy collapsed, marked by the 1929 stock market crash. Finance capital was greatly diminished in the Depression and played no essential role in the recovery of the real economy. What brought the U.S. economy out of the Depression was the huge state-directed expansion of military spending during the Second World War.[12]

When Paul Baran and Paul Sweezy wrote *Monopoly Capital* in the early 1960s they emphasized the way in which the state (civilian and military spending), the sales effort, a second great wave of automobilization, and other factors had buoyed the capitalist economy in the golden age of the 1960s, absorbing surplus and lifting the system out of stagnation. They also pointed to the vast amount of surplus that went

into FIRE (finance, investment, and real estate), but placed relatively little emphasis on this at the time.

However, with the reemergence of economic stagnation in the 1970s Sweezy, now writing with Magdoff, focused increasingly on the growth of finance. In 1975 in "Banks: Skating on Thin Ice," they argued that "the overextension of debt and the overreach of the banks was exactly what was needed to protect the capitalist system and its profits; to overcome, at least temporarily, its contradictions; and to support the imperialist expansion and wars of the United States."[13]

Monopoly-Finance Capital

If in the 1970s "the old structure of the economy, consisting of a production system served by a modest financial adjunct" still remained—Sweezy observed in 1995—by the end of the 1980s this "had given way to a new structure in which a greatly expanded financial sector had achieved a high degree of independence and sat on top of the underlying production system."[14] Stagnation and enormous financial speculation emerged as symbiotic aspects of the same deep-seated, irreversible economic impasse.

This symbiosis had three crucial aspects: (1) The stagnation of the underlying economy meant that capitalists were increasingly dependent on the growth of finance to preserve and enlarge their money capital. (2) The financial superstructure of the capitalist economy could not expand entirely independently of its base in the underlying productive economy—hence the bursting of speculative bubbles was a recurrent and growing problem.[15] (3) Financialization, no matter how far it extended, could never overcome stagnation within production.

The role of the capitalist state was transformed to meet the new imperatives of financialization. The state's role as lender of last resort, responsible for providing liquidity at short notice, was fully incorporated into the system. Following the 1987 stock market crash the Federal Reserve adopted an explicit "too big to fail" policy toward the entire equity market, which did not, however, prevent a precipitous decline in the stock market in 2000.[16]

These conditions marked the rise of what I am calling "monopoly-finance capital" in which financialization has become a permanent structural necessity of the stagnation-prone economy.

Class and Imperial Implications

If the roots of financialization are clear from the foregoing, it is also necessary to address the concrete class and imperial implications. Given space limitations I will confine myself to eight brief observations.

(1) Financialization can be regarded as an ongoing process transcending particular financial bubbles. If we look at recent financial

meltdowns beginning with the stock market crash of 1987, what is remarkable is how little effect they had in arresting or even slowing down the financialization trend. Half the losses in stock market valuation from the Wall Street blowout between March 2000 and October 2002 (measured in terms of the Standard and Poor's 500) had been regained only two years later. While in 1985 U.S. debt was about twice GDP, two decades later U.S. debt had risen to nearly three-and-a-half times the nation's GDP, approaching the $44 trillion GDP of the entire world. The average daily volume of foreign exchange transactions rose from $570 billion in 1989 to $2.7 trillion dollars in 2006. Since 2001 the global credit derivatives market (the global market in credit risk transfer instruments) has grown at a rate of over 100 percent per year. Of relatively little significance at the beginning of the new millennium, the notional value of credit derivatives traded globally ballooned to $26 trillion by the first half of 2006.[17]

(2) Monopoly-finance capital is a qualitatively different phenomenon from what Hilferding and others described as the early twentieth-century age of "finance capital," rooted especially in the dominance of investment-banking. Although studies have shown that the profits of financial corporations have grown relative to nonfinancial corporations in the United States in recent decades, there is no easy divide between the two since nonfinancial corporations are also heavily involved in capital and money markets.[18] The great agglomerations of wealth seem to be increasingly related to finance rather than production, and finance more and more sets the pace and the rules for the management of the cash flow of nonfinancial firms. Yet, the coalescence of nonfinancial and financial corporations makes it difficult to see this as constituting a division within capital itself.

(3) Ownership of very substantial financial assets is clearly the main determinant of membership in the capitalist class. The gap between the top and the bottom of society in financial wealth and income has now reached astronomical proportions. In the United States in 2001 the top 1 percent of holders of financial wealth (which excludes equity in owner-occupied houses) owned more than four times as much as the bottom 80 percent of the population. The nation's richest 1 percent of the population holds $1.9 trillion in stocks about equal to that of the other 99 percent.[19] The income gap in the United States has widened so much in recent decades that Federal Reserve Board Chairman Ben S. Bernanke delivered a speech on February 6, 2007, on "The Level and Distribution of Economic Well Being," highlighting "a long-term trend toward greater inequality seen in real wages." As Bernanke stated, "the share of after-tax income garnered by the households in the top 1 percent of the income distribution increased from 8 percent in 1979 to 14 percent in 2004." In September 2006 the richest 60 Americans owned an estimated $630

billion worth of wealth, up almost 10 percent from the year before (*New York Times*, March 1, 2007).

Recent history suggests that rapid increases in inequality have become built-in necessities of the monopoly-finance capital phase of the system. The financial superstructure's demand for new cash infusions to keep speculative bubbles expanding lest they burst is seemingly endless. This requires heightened exploitation and a more unequal distribution of income and wealth, intensifying the overall stagnation problem.

(4) A central aspect of the stagnation-financialization dynamic has been speculation in housing. This has allowed homeowners to maintain their lifestyles to a considerable extent despite stagnant real wages by borrowing against growing home equity. As Pollin observed, Magdoff and Sweezy "recognized before almost anybody the increase in the reliance on debt by U.S. households [drawing on the expanding equity of their homes] as a means of maintaining their living standard as their wages started to stagnate or fall."[20] But low interest rates since the last recession have encouraged true speculation in housing fueling a housing bubble. Today the pricking of the housing bubble has become a major source of instability in the U.S. economy. Consumer debt service ratios have been rising, while the soaring house values on which consumers have depended to service their debts have disappeared at present. The prices of single-family homes fell in more than half of the country's 149 largest metropolitan areas in the last quarter of 2006 (*New York Times*, February 16, 2007).

So crucial has the housing bubble been as a counter to stagnation and a basis for financialization, and so closely related is it to the basic well-being of U.S. households, that the current weakness in the housing market could precipitate both a sharp economic downturn and widespread financial disarray. Further rises in interest rates have the potential to generate a vicious circle of stagnant or even falling home values and burgeoning consumer debt service ratios leading to a flood of defaults. The fact that U.S. consumption is the core source of demand for the world economy raises the possibility that this could contribute to a more globalized crisis.

(5) A thesis currently popular on the left is that financial globalization has so transformed the world economy that states are no longer important. Rather, as Ignacio Ramonet put it in "Disarming the Market" (*Le Monde Diplomatique*, December 1997):

> Financial globalization is a law unto itself and it has established a separate supranational state with its own administrative apparatus, its own spheres of influence, its own means of action. That is to say, the International Monetary Fund (IMF), the World Bank, the Organization of Economic Cooperation and Development (OECD)

> and the World Trade Organization (WTO)....This artificial world state is a power with no base in society. It is answerable instead to the financial markets and the mammoth business undertakings that are its masters. The result is that the real states in the real world are becoming societies with no power base. And it is getting worse all the time.

Such views, however, have little real basis. While the financialization of the world economy is undeniable, to see this as the creation of a new international of capital is to make a huge leap in logic. Global monopoly-finance capitalism remains an unstable and divided system. The IMF, the World Bank, and the WTO (the heir to GATT) do not (even if the OECD were also added in) constitute "a separate supranational state," but are international organizations that came into being in the Bretton Woods System imposed principally by the United States to manage the global system in the interests of international capital following the Second World War. They remain under the control of the leading imperial states and their economic interests. The rules of these institutions are applied asymmetrically—least of all where such rules interfere with U.S. capital, most of all where they further the exploitation of the poorest peoples in the world.

(6) What we have come to call "neoliberalism" can be seen as the ideological counterpart of monopoly-finance capital, as Keynsianism was of the earlier phase of classical monopoly capital. Today's international capital markets place serious limits on state authorities to regulate their economies in such areas as interest-rate levels and capital flows. Hence, the growth of neoliberalism as the hegemonic economic ideology beginning in the Thatcher and Reagan periods reflected to some extent the new imperatives of capital brought on by financial globalization.

(7) The growing financialization of the world economy has resulted in greater imperial penetration into underdeveloped economies and increased financial dependence, marked by policies of neoliberal globalization. One concrete example is Brazil where the first priority of the economy during the last couple of decades under the domination of global monopoly-finance capital has been to attract foreign (primarily portfolio) investment and to pay off external debts to international capital, including the IMF. The result has been better "economic fundamentals" by financial criteria, but accompanied by high interest rates, deindustrialization, slow growth of the economy, and increased vulnerability to the often rapid movements of global finance.[21]

(8) The financialization of capitalism has resulted in a more uncontrollable system. Today the fears of those charged with the responsibility for establishing some modicum of stability in global financial relations are palpable. In the early 2000s in response to the

1997–98 Asian financial crisis, the bursting of the "New Economy" bubble in 2000, and Argentina's default on its foreign debts in 2001, the IMF began publishing a quarterly *Global Financial Stability Report*. One scarcely has to read far in its various issues to get a clear sense of the growing volatility and instability of the system. It is characteristic of speculative bubbles that once they stop expanding they burst. Continual increase of risk and more and more cash infusions into the financial system therefore become stronger imperatives the more fragile the financial structure becomes. Each issue of the *Global Financial Stability Report* is filled with references to the specter of "risk aversion," which is seen as threatening financial markets.

In the September 2006 *Global Financial Stability Report* the IMF executive board directors expressed worries that the rapid growth of hedge funds and credit derivatives could have a systemic impact on financial stability, and that a slowdown of the U.S. economy and a cooling of its housing market could lead to greater "financial turbulence," which could be "amplified in the event of unexpected shocks."[22] The whole context is that of a financialization so out of control that unexpected and severe shocks to the system and resulting financial contagions are looked upon as inevitable. As historian Gabriel Kolko has written, "People who know the most about the world financial system are increasingly worried, and for very good reasons. Dire warnings are coming from the most 'respectable' sources. Reality has gotten out of hand. The demons of greed are loose."[23]

Notes

1. Gerald A. Epstein, "Introduction," in Epstein, ed., *Financialization and the World Economy* (Northampton, MA: Edward Elgar, 2005), 1.
2. John Bellamy Foster, "Monopoly-Finance Capital," *Monthly Review* 58, no. 7 (December 2006), 1–14.
3. The current usage of the term "financialization" owes much to the work of Kevin Phillips, who employed it in his *Boiling Point* (New York: Random House, 1993) and a year later devoted a key chapter of his *Arrogant Capital* to the "Financialization of America," defining financialization as "a *prolonged* split between the divergent real and financial economies" (New York: Little, Brown, and Co., 1994), 82. In the same year Giovanni Arrighi used the concept in an analysis of international hegemonic transition in *The Long Twentieth Century* (New York: Verso, 1994).
4. Harry Magdoff first raised the issue of a growing reliance on debt in the U.S. economy in an article originally published in the *Socialist Register* in 1965. See Harry Magdoff and Paul M. Sweezy, *The Dynamics of U.S. Capitalism* (New York: Monthly Review Press, 1972), 13–16.
5. Robert Pollin, "Remembering Paul Sweezy: 'He was an Amazingly Great Man'"; *Counterpunch*, http://www.counterpunch.org, March 6–7, 2004; "The

"Man Who Explained Empire: Remembering Harry Magdoff," *Counterpunch*, http://www.counterpunch.org, January 6, 2006.

6. Paul M. Sweezy, "More (or Less) on Globalization," *Monthly Review* 49, no. 4 (September 1997), 3–4.
7. Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966).
8. James Tobin, "On the Efficiency of the Financial System," *Lloyd's Bank Review*, no. 153 (1984), 14–15.
9. In the following analysis I follow a long-standing economic convention in using the term "real economy" to refer to the realm of production (i.e. economic output as measured by GDP), as opposed to the financial economy. Yet both the "real economy" and the financial economy are obviously real in the usual sense of the word.
10. Harry Magdoff and Paul M. Sweezy, *Stagnation and the Financial Explosion* (New York: Monthly Review Press, 1987), 149. Magdoff and Sweezy were replying to an editorial in *Business Week* concluding its special September 16, 1985, issue on "The Casino Society."
11. Paul M. Sweezy, "Economic Reminiscences," *Monthly Review* 47, no. 1 (May 1995), 8; Lukas Menkhoff and Norbert Tolksdorf, *Financial Market Drift* (New York: Springer-Verlag, 2001).
12. The failure of investment banking to regain its position of power at the very apex of the system (as the so-called "money trust") that it had attained in the formative period of monopoly capitalism can be attributed to the fact that the conditions on which its power had rested in that period were transitory. See Paul M. Sweezy, "Investment Banking Revisited," *Monthly Review* 33, no. 10 (March 1982).
13. Harry Magdoff and Paul M. Sweezy, *The End of Prosperity* (New York: Monthly Review Press, 1977), 35.
14. Sweezy, "Economic Reminscences," 8–9.
15. This is in line with the financial instability hypothesis of Keynes and Hyman Minsky. See Minsky, *Can "It" Happen Again?* (Armonk, New York: M. E. Sharpe, 1982).
16. Robert W. Parenteau, "The Late 1990s' US Bubble," in Epstein, ed., *Financialization and the World Economy*, 136–38.
17. Doug Henwood, *After the New Economy* (New York: The New Press, 2005), 231; Fred Magdoff, "Explosion of Debt and Speculation," *Monthly Review* 58, no. 6 (November 2006), 7, 19; Epstein, "Introduction," 4; Garry J. Schinasi, *Safeguarding Financial Stability* (Washington, D.C.: International Monetary Fund, 2006), 228–32.
18. Greta R. Krippner, "The Financialization of the American Economy," *Socio-economic Review* 3, no. 2 (2005), 173–208; James Crotty, "The Neoliberal Paradox," in Epstein, ed., *Financialization and the World Economy*, 77–110.
19. Edward N. Wolff, "Changes in Household Wealth in the 1980s and 1990s in the U.S." The Levy Economics Institute of Bard College, Working Paper No. 407 (May 2004), table 2, http://www.levy.org.

20. Pollin, "The Man Who Explained Empire."
21. See Daniela Magalhães Pates and Leda Maria Paulani, "The Financial Globarlization of Brazil Under Lula" and Fabrico Augusto de Loiveira and Paulo Nakatini, "The Brazilian Economy Under Lula," in *Monthly Review* 58, no. 9 (February 2007), 32–49.
22. International Monetary Fund, *The Global Financial Stability Report* (March 2003), 1–3 and (September 2006), 74–75.
23. Gabriel Kolko, "Why a Global Economic Deluge Looms," *Counterpunch*, http://www.counterpunch.org, June 15, 2006.

The money market can also have its own crises, in which direct disturbances of industry play only a subordinate part or no part at all, and in this context a great deal has still to be ascertained and examined....As soon as trade in money becomes separate from trade in commodities it has—under definite conditions determined by production and commodity trade and within these limits—a development of its own, specific laws determined by its own nature and distinct phases. Add to this the fact that money trade, developing further, comes to include trade in securities and these securities are not only government papers but also industrial and transport stocks, consequently money trade gains direct control over a portion of the production by which it is on the whole itself controlled, thus the repercussions of money trading on production become still stronger and more complicated. The money-dealers become owners of railways, mines, iron works, etc. These means of production take on a double aspect: their operation is governed sometimes by the interests of direct production, sometimes however also by the requirements of the shareholders, in so far as they are money-dealers. The most striking example of this is furnished by the North American railways, whose operation is entirely dependent on the daily stock exchange transactions of a Jay Gould or a Vanderbilt, etc., which have nothing whatever to do with the particular railway and its interests as means of communication.

—Frederick Engels to Conrad Schmidt, October 27, 1890, in Karl Marx and Frederick Engels, *Selected Correspondence* (Moscow: Progress Publishers, 1975), 397–98.

The Only Viable Economy

ISTVÁN MÉSZÁROS

1.

Once upon a time the capitalist mode of production represented a great advance over all of the preceding ones, however problematical and indeed destructive this historical advance in the end turned out—and had to turn out—to be. By *breaking* the long prevailing but constraining direct link between human use and production, and replacing it with the *commodity relation*, capital opened up the dynamically unfolding possibilities of apparently irresistible *expansion* to which—from the standpoint of the capital system and of its willing personifications—there could be no conceivable limits. For the paradoxical and ultimately quite untenable inner determination of capital's productive system is that its commodified products *"are non-use-values for their owners and use-values for their non-owners. Consequently they must all change hands....*Hence commodities must be realised as values *before they can be realised as use-values."*[1]

This self-contradictory inner determination of the system, which imposes the ruthless submission of human need to the alienating necessity of capital expansion, is what removes the possibility of overall rational control from this dynamic productive order. It brings with itself perilous and potentially catastrophic consequences in the longer run, transforming in due course a great *positive power* of earlier quite unimaginable economic development into a *devastating negativity*, in the total absence of the necessary reproductive restraint.

What is systematically ignored—and must be ignored, due to the unalterable fetishistic imperatives and vested interests of the capital system itself—is the fact that, inescapably, we live in a *finite world*, with its literally vital *objective limits*. For a long time in human history, including several centuries of capitalistic developments, those limits could be—as indeed they were—ignored with relative safety. Once, however, they assert themselves, as they emphatically must do in our irreversible historical epoch, no irrational and wasteful productive

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system, no matter how dynamic (in fact the more dynamic the worse) can escape the consequences. It can only disregard them for a while through reorienting itself toward the callous justification of the more or less openly destructive imperative of the system's self-preservation at all cost: by preaching the wisdom of "there is no alternative," and in that spirit brushing aside and, whenever need be, brutally suppressing even the most obvious warning signs that foreshadow the unsustainable future.

False theorization is the necessary consequence of this lopsided objective structural determination and domination of use value by exchange value not only under the most absurdly and blindly apologetic conditions of contemporary capitalism but also in the classical period of bourgeois political economy, at the time of the capital system's historical ascendancy. This is because under the rule of capital a *fictitiously limitless* production must be pursued at all cost, as well as theoretically justified as the only commendable one. Such pursuit is imperative even if there can be no guarantee whatsoever that: (1) the required and sustainable "changing of hands" of the supplied commodities will actually take place on the idealized market (thanks to the mysterious benevolence of Adam Smith's even more mysterious "invisible hand"); and (2) that the objective material conditions for producing the projected unlimited—and humanly unlimitable, since in its primary determination divorced from need and use—supply of commodities can be *forever secured,* irrespective of the destructive impact of capital's mode of social metabolic reproduction on nature.

The ideal suitability of the market for rectifying the unalterable structural defect indicated in point (1) above is a *gratuitous afterthought,* bringing with it many arbitrary assumptions and unfulfillable regulative projections in the same vein. The sobering reality underlying the market as a remedial afterthought is a set of insuperably adversarial power relations, tending to monopolistic domination and to the intensification of the system's antagonisms. Likewise, the grave structural defect of pursuing unlimited capital expansion—idealizing all-important "growth" as an end in itself—as put into relief in point (2) above, is complemented by an equally *fictitious afterthought* when it has to be admitted that some remedy might be in order. And the remedy thus projected—as an alternative to the system's collapse into the unredeemable negativity of the fateful *"stationary state"* theorized by bourgeois political economy in the nineteenth century—is simply the wishful advocacy of making *distribution* "more equitable" (and thereby less conflict-torn) while leaving the production system as it stands. This postulate, even if it could be implemented, which of course it cannot be, due to the fundamental hierarchical structural determinations of capital's social order itself, would not be able to solve any of the grave problems of *production* on which *also* the insurmountable contradictions of the

capital system's incurable *distribution* are erected.

One of the principal representatives of liberal thought, John Stuart Mill, is as genuine in his concern about the "stationary state" of the future as he is hopelessly unreal in his proposed remedy to it. For he can only offer vacuous hope in his discussion of this problem which happens to be absolutely intractable from the standpoint of capital. He writes that "I sincerely hope, for the sake of posterity, that they will be *content to be stationary,* long before necessity compels them to it."[2] In this way Mill's discourse amounts to no more than paternalistic preaching, because he can only acknowledge, in tune with his acceptance of the Malthusian diagnosis, the difficulties arising from population growth, but none of the contradictions of capital's reproductive order. His bourgeois self-complacency is clearly visible, depriving his analysis and paternalistic reforming intent of all substance. Mill peremptorily asserts that "It is only in the *backward countries of the world* that increased production is still an important object: in those most advanced, what is economically needed is a *better distribution,* of which one indispensable means is a *stricter restraint on population.*"[3] Even his idea of "better distribution" is hopelessly unreal. For what Mill cannot possibly recognize (or acknowledge) is that the overwhelmingly important aspect of distribution is the untouchable exclusive distribution of the means of production to the capitalist class. Understandably, therefore, on such a self-serving operational premise of the social order a paternalist sense of superiority remains always prevalent in this that no solution can be expected "until *the better minds* succeeded in educating the others,"[4] so that they accept population restraint and a "better distribution" supposedly arising from such restraint. Thus people should forget all about changing the destructive structural determinations of the established social metabolic order which inexorably drive society toward a stagnating stationary state. In Mill's discourse the utopia of the capitalist millennium, with its *tenable stationary state,* will be brought into existence thanks to the good services of the enlightened liberal "better minds." And then, as far as the structural determinations of the established social reproductive order are concerned, everything can go on forever as before.

All this made some sense from capital's standpoint, however problematical and ultimately untenable that sense in the end had to turn out to be, due to the dramatic onset and relentless deepening of the system's structural crisis. But even that partial sense of the same wishful propositions could not be ascribed to the reformist political movement which claimed to represent the strategic interests of labor. Yet, social-democratic reformism at its inception took its inspiration from such naive, even if at first genuinely held, afterthoughts of liberal political economy. Thus, due to the internal logic of the adopted social premises;

emanating from capital's standpoint and vested interests as the unchallengeable controller of the reproductive metabolism, it could not be surprising in the least that social-democratic reformism ended its course of development the way in which it actually did: by transforming itself into "New Labor" (in Britain; and its equivalents in other countries) and by abandoning completely any concern with even the most limited reform of the established social order. At the same time, in place of genuine liberalism the most savage and inhuman varieties of *neoliberalism* appeared on the historical stage, wiping out the memory of the once advocated social remedies—including even the wishful paternalistic solutions—from the progressive past of the liberal creed. And as a bitter irony of contemporary historical development, the "New Labor"-type former social-democratic reformist movements installed in government—not only in Britain but also everywhere else in the "advanced" and not so advanced capitalist world—did not hesitate to unreservedly identify themselves with the aggressive neoliberal phase of capital-apologetics. This capitulatory transformation clearly marked the end of the reformist road which was a blind alley from the outset.

2.

In order to create an economically viable, and also on a long-term basis historically sustainable, social reproductive order it is necessary to radically alter the self-contradictory inner determinations of the established one, which impose the ruthless submission of human need and use to the alienating necessity of capital expansion. This means that the absurd precondition of the ruling productive system—whereby use values, by preordained and totally iniquitous ownership determinations, must be divorced from, and opposed to, those who create them, so as to bring about and circularly/arbitrarily legitimate capital's enlarged self-realization—has to be permanently relegated to the past. Otherwise the only viable meaning of *economy* as rational *economizing* with the available, necessarily finite, resources cannot be instituted and respected as a vital orienting principle. Instead, irresponsible *wastefulness* dominates in capital's socioeconomic—and corresponding political—order which invariably reasserts itself as *institutionalized irresponsibility*, notwithstanding its self-mythology of absolutely insuperable "efficiency." (To be sure, the kind of "efficiency" glorified in this way is in fact capital's ultimately self-undermining efficiency for blindly driving forward the adversarial/conflictual *parts* at the incorrigible expense of the *whole*.) Understandably, therefore, the governmentally well-promoted fantasies of "market socialism" had to fizzle out in the form of a humiliating collapse, due to the acceptance of such presuppositions and capitalistically insuperable structural determinations.

The now dominant conception of the "economy," which happens to be

quite incapable of setting limits even to the most grievous waste, in our time truly on a *planetary scale*, can only operate with self-serving *tautologies* and arbitrarily prefabricated, as well as simultaneously dismissed, *false oppositions and pseudo-alternatives*, devised for the same purpose of unjustifiable self-justification. As a blatant—and dangerously all-infecting—tautology, we are offered the arbitrary definition of *productivity as growth, and growth as productivity*, although both terms would require a historically qualified and objectively sustainable evaluation of their own.

Naturally, the reason why the obvious tautological fallacy is much preferable to the required proper theoretical and practical assessment is that by arbitrarily decreeing the *identity* of these two key terms of reference of the capital system the *self-evident validity and timeless superiority* of an extremely problematical—and ultimately even self-destructive—social reproductive order should look not only plausible but absolutely unquestionable. At the same time, the arbitrarily decreed *tautological identity* of growth and productivity is shored up by the equally arbitrary and self-serving false alternative between *"growth or no-growth."* Moreover, the latter is automatically prejudged in favor of capitalistically postulated and defined *"growth."* It is projected and defined with fetishistic quantification, as befits its way of *presupposing forever*, as self-commendingly *synonymous to growth itself*, nothing more specific and humanly meaningful than the abstract genericity of enlarged *capital-expansion* as the elementary *precondition* for satisfying human need and use.

That is where the incorrigible divorce of capitalistic growth from human need and use—indeed its potentially most devastating and destructive *counter-position* to human need—betrays itself. Once the fetishisitic mystifications and arbitrary postulates at the root of the categorically decreed false identity of *growth and productivity* are peeled away, it becomes abundantly clear that the kind of growth postulated and at the same time automatically exempted from all critical scrutiny is in no way inherently connected with sustainable objectives corresponding to human need. The only connection that must be asserted and defended at all cost in capital's social metabolic universe is the *false identity* of—aprioristically presupposed—*capital expansion* and circularly corresponding (but in truth likewise aprioristically presupposed) "growth," whatever might be the consequences imposed on nature and humankind by even the most destructive type of growth. For capital's real concern can only be its own *ever enlarged expansion*, even if that brings with it the destruction of humanity.

In this vision even the most lethal *cancerous growth* must preserve its conceptual primacy over (against) human need and use, if human need by any chance happens to be mentioned at all. And when the apologists of

the capital system are willing to consider *The Limits to Growth*,[5] as the "Club of Rome" did in its vastly propagandized capital-apologetic venture in the early 1970s, the aim inevitably remains the *eternalization of the existing grave inequalities*[6] by fictitiously (and quixotically) freezing global capitalist production at a totally untenable level, blaming primarily "population growth" (as customary in bourgeois political economy ever since Malthus) for the existing problems. Compared to such callous hypocritical "remedial intent," rhetorically pretending to be concerned with nothing less than "the Predicament of Mankind," Mill's earlier quoted paternalistic preaching, with its genuine advocacy of somewhat more equitable distribution than what he was familiar with, was the paradigm of radical enlightenment.

The characteristically self-serving false alternative of "growth or no growth" is evident even if we only consider what would be the unavoidable impact of the postulated "no growth" on the grave conditions of inequality and suffering in capital's social order. It would mean the *permanent condemnation* of humanity's overwhelming majority to the inhuman conditions which they are now forced to endure. For they are now in a literal sense forced to endure them, by their thousands of millions, when there could be *created* a real alternative to it. Under conditions, that is, when it would be quite feasible to rectify at least the worst effects of global deprivation: by putting to humanly commendable and rewarding use the attained *potential* of productivity, in a world of now criminally wasted material and human resources.

3.

To be sure, we can only speak of the positive *potential of productivity*, and not of its existing reality, as often predicated, with green-colored good intentions but boundless illusions, by old fashioned single-issue reformers, wishfully asserting that we could do it "right now," with the productive powers at our disposal today, if we really decided to do so. Unfortunately, however, such a conception completely ignores the way in which our productive system is presently articulated, requiring in the future a radical rearticulation. For productivity wedded to *capitalist* growth, in the form of the now dominant reality of *destructive production*, is a most forbidding adversary. In order to turn the positive potentiality of productive development into a much needed reality, so as to be able to rectify many of the crying inequalities and injustices of our existing society, it would be necessary to adopt the *regulative principles* of a *qualitatively different* social order. In other words, humanity's now destructively negated *potential of productivity* would have to be liberated from its capitalist integument in order to become socially viable *productive power*.

The quixotic advocacy of freezing production at the level attained in

the early 1970s was trying to camouflage, with vacuous pseudo-scientific model-mongering pioneered at the Massachusetts Institute of Technology, the ruthlessly enforced actual power relations of U.S. dominated postwar imperialism. That variety of imperialism was, of course, very different from its earlier form known to Lenin. For in Lenin's lifetime at least half a dozen significant imperialist powers were competing for the rewards of their real and/or hoped for conquests. And even in the 1930s Hitler was still willing to share the fruits of violently redefined imperialism with Japan and Mussolini's Italy. In our time, by contrast, we have to face up to the reality—and the lethal dangers—arising from *global hegemonic imperialism,* with the United States as its overwhelmingly dominant power.[7] In contrast to even Hitler, the United States as the *single hegemon* is quite unwilling to share global domination with any rival. And that is not simply on account of political/military contingencies. The problems are much deeper. They assert themselves through the ever-aggravating contradictions of the capital system's deepening *structural crisis.* U.S. dominated global hegemonic imperialism is an—ultimately futile—attempt to devise a solution to that crisis through the most brutal and violent rule over the rest of the world, enforced with or without the help of slavishly "willing allies," now through a succession of genocidal wars. Ever since the 1970s the United States has been sinking ever deeper into *catastrophic indebtedness.* The fantasy solution publicly proclaimed by several U.S. presidents was *"to grow out of it."* And the result: the diametrical opposite, in the form of astronomical and still growing indebtedness. Accordingly, the United States must grab to itself, by any means at its disposal, including the most violent military aggression, whenever required for this purpose, everything it can, through the transfer of the fruits of capitalist growth—thanks to the global socioeconomic and political/military domination of the United States—from everywhere in the world. Could then any sane person imagine, no matter how well armored by his or her callous contempt for "the shibboleth of equality," that U.S. dominated global hegemonic imperialism would take seriously even for a moment the panacea of "no growth"? Only the worst kind of bad faith could suggest such ideas, no matter how pretentiously packaged in the hypocritical concern over "the Predicament of Mankind."

For a variety of reasons there can be no question about the importance of growth both in the present and in the future. But to say so must go with a proper examination of the concept of growth not only as we know it up to the present, but also as we can envisage its sustainability in the future. Our siding with the need for growth cannot be in favor of *unqualified growth.* The tendentiously avoided real question is: *what kind of growth* is both feasible today, in contrast to dangerously wasteful and even crippling capitalist growth visible all around us? For growth

must be also *positively sustainable* in the future on a *long-term* basis.

As mentioned already, capitalist growth is fatefully dominated by the inescapable confines of *fetishistic quantification*. Ever-aggravating *wastefulness* is a necessary corollary of such fetishism, since there can be no criteria—and no viable *measure*—through the observance of which wastefulness could be corrected. More or less arbitrary *quantification* sets the context, creating at the same time also the illusion that once the required quantities are secured for the more powerful, there can be no further significant problems. Yet the truth of the matter is that self-oriented *quantification* in reality cannot be sustained at all as a form of productively viable strategy even in the short run. For it is partial and myopic (if not altogether blind), concerned only with quantities corresponding to the *immediate obstacles* hindering the accomplishment of a given productive task, but not with the necessarily associated *structural limits* of the socioeconomic enterprise itself which—whether you know it or not—ultimately decide everything. The capitalistically necessary confusion of *structural limits* with *obstacles* (which can be quantitatively overcome), in order to ignore the limits (since they correspond to the insurmountable determinations of capital's social metabolic order), vitiates the growth orientation of the entire productive system. To make growth viable would require applying to it profoundly *qualitative* considerations. But that is absolutely prevented by the unquestioning and unquestionable *self-expansionary drive* of capital at all cost, which is incompatible with the *constraining* consideration of *quality* and *limits*.

The great innovation of the capital system is that it can operate—*undialectically*—through the overwhelming domination of *quantity:* by subsuming *everything*, including living human labor (inseparable from the qualities of human need and use) under *abstract quantitative determinations*, in the form of value and exchange value. Thus everything becomes profitably commensurable and manageable for a determinate period of time. This is the secret of capital's—for a long time irresistible—sociohistorical triumph. But it is also the harbinger of its ultimate unsustainability and necessary implosion, once the *absolute limits* of the system are fully activated, as they increasingly happen to be in our own historical epoch. Ours is the time when the undialectical domination of quality by quantity becomes dangerous and untenable.

For it is inconceivable to ignore in our time the fundamental, but under capitalism necessarily sidelined inherent connection of *economy as economizing* (which equals *responsible husbandry*). We have now arrived at a critical point in history when the ruling productive system's willing personifications do everything in their power to wipe out all awareness of that vital objective connection—opting for undeniable destructiveness, not only in the cult of extremely wasteful productive practices, but even

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glorifying their lethally destructive engagement in unlimited "preventive and preemptive wars."

Quality, by its very nature, is inseparable from *specificities.* Accordingly, a social metabolic system respectful of quality—above all of the needs of living human beings as its producing subjects—cannot be hierarchically regimented. A radically different kind of socioeconomic and cultural management is required for a society operated on the basis of such a qualitatively different reproductive metabolism, briefly summed up as *self-management.* Regimentation was both feasible and necessary for capital's social metabolic order. In fact the command structure of capital could not function in any other way. Structurally secured hierarchy and authoritarian regimentation are the defining characteristics of capital's command structure. The alternative order is incompatible with regimentation and with the kind of accountancy—including the strictly quantitative operation of *necessary labor time*—which must prevail in the capital system. Thus, the *kind of growth* necessary and feasible in the alternative social metabolic order can only be based on *quality* directly corresponding to *human needs:* the actual and historically developing needs of both society as a whole and of its particular individuals.

At the same time, the alternative to the restrictive and fetishistic time-accountancy of *necessary labor time* can only be the liberating and emancipating *disposable time* consciously offered and managed by the social individuals themselves. That kind of social metabolic control of the available human and material resources would—and actually could—respect both the overall limits arising from the orienting principle of economy as economizing; and at the same time it would also consciously expand such qualitative limits and needs as the historically developing conditions safely permitted. After all, we should not forget that "the first historical act was the creation of a new need" (Marx). Only capital's reckless way of treating the economy—not as rational economizing but as the most irresponsible legitimation of boundless waste—is what *totally perverts* this historical process: by substituting for the rich diversity of human needs capital's alienating one-and-only real need for enlarged self-reproduction at all cost, thereby threatening to bring to an end human history itself.

4.

There can be not even *partial correctives* introduced into capital's operational framework if they are genuinely quality-oriented. For the only qualities relevant in this respect are not some abstract physical characteristics but the *humanly meaningful qualities inseparable from need.* It is true, of course, as stressed before, that such qualities are always specific, corresponding to clearly identifiable particular human needs both of the individuals themselves and of their historically given

and changing social relations. Accordingly, in their many sided specificity they constitute a *coherent and well defined set* of inviolable systemic determinations, with their own *systemic limits*. It is precisely the existence of such—very far from abstract—systemic limits which makes it impossible to transfer any meaningful operating determinations and orienting principles from the envisaged alternative social metabolic order into the capital system. The two systems are radically exclusive of each other. For the specific qualities corresponding to human need, in the alternative order, carry the indelible marks of their overall systemic determinations, as integral parts of a humanly valid social reproductive system of control. In the capital system, on the contrary, the overall determinations must be unalterably *abstract*, because capital's *value relation* must reduce all qualities (corresponding to need and use) to measurable generic quantities, in order to assert its alienating historical dominance over everything, in the interest of capital expansion, irrespective of the consequences.

The incompatibilities of the two systems become amply clear when we consider their relationship to the question of *limit itself*. The only sustainable *growth* positively promoted under the alternative social metabolic control is based on the *conscious acceptance of the limits* whose violation would imperil the realization of the chosen—and humanly valid—reproductive objectives. Hence *wastefulness* and *destructiveness* (as clearly identified limiting concepts) are *absolutely excluded* by the consciously accepted systemic determinations themselves, adopted by the social individuals as their vital orienting principles. By contrast, the capital system is characterized, and fatefully driven, by the—conscious or unconscious—*rejection of all limits, including its own systemic limits*. Even the latter are arbitrarily and dangerously treated as if they were nothing more than always superable *contingent obstacles*. Hence anything goes in this social reproductive system, including the possibility—and by the time we have reached our own historical epoch also the overwhelming grave probability—of *total destruction*.

Naturally, this mutually exclusive relationship to the question of limits prevails also the other way round. Thus, there can be no "partial correctives" borrowed from the capital system when creating and strengthening the alternative social metabolic order. The partial—not to mention general—incompatibilities of the two systems arise from the *radical incompatibility of their value dimension*. As mentioned above, this is why the particular value determinations and relations of the alternative order could not be transferred into capital's social metabolic framework for the purpose of improving it, as postulated by some utterly unreal reformist design, wedded to the vacuous methodology of "little by little." For even the smallest partial relations of the alternative system are *deeply embedded in the general value determinations* of an overall

framework of human needs whose inviolable elementary axiom is the radical exclusion of *waste and destruction*, in accord with its *innermost nature*.

At the same time, on the other side, no partial "correctives" can be transferred from the operational framework of capital into a genuinely socialist order, as the disastrous failure of Gorbachev's "market socialist" venture painfully and conclusively demonstrated. For also in that respect we would always be confronted by the radical incompatibility of value determinations, even if in that case the value involved is destructive *counter value*, corresponding to the ultimate—necessarily ignored—limits of the capital system itself. The systemic limits of capital are thoroughly compatible with waste and destruction. For such normative considerations can only be *secondary* to capital. More fundamental determinations must take the precedence over such concerns. This is why capital's original *indifference to waste and destruction* (never a more positive posture than indifference) is turned into their most active promotion when conditions require that shift. In fact waste and destruction must be relentlessly pursued in this system in direct subordination to the *imperative of capital expansion*, the overwhelming systemic determinant. The more so the further we leave behind the historically ascending phase of the capital system's development. And no one should be fooled by the fact that frequently the preponderant assertion of *counter value* is misrepresented and rationalized as *"value neutrality"* by capital's celebrated ideologists.

It was therefore mind-boggling that at the time of Gorbachev's ill-fated "perestroika" his "ideology chief" (called officially by that name) could seriously assert that the capitalist market and its commodity relations were the instrumental embodiments of "universal human values" and a "major achievement of human civilization," adding to these grotesque capitulatory assertions that the capitalist market was even *"the guarantee of the renewal of socialism."*[8] Such theorists kept talking about the adoption of the "market mechanism," when the capitalist market was *anything but* an adaptable neutral *"mechanism."* It was in fact *incurably value laden*, and must always remain so. In this kind of conception—curiously shared by Gorbachev's "socialist ideology chief" (and others) with the Friedrich von Hayeks of this world who violently denounced any idea of socialism as *"The Road to Serfdom"*[9]—*exchange* in general was ahistorically and anti-historically equated with *capitalist exchange*, and the ever more destructive reality of the *capitalist market* with a fictionalized benevolent *"market"* in general. Whether they realized it or not, they capitulated thereby to idealizing the imperatives of a ruthless system of necessary *market domination* (ultimately inseparable from the ravages of imperialism) required by the inner determinations of capital's social metabolic order. The adoption of this capitulatory position was

equally pronounced but even more damaging in Gorbachev's reform document. For he insisted that

> There are *no alternatives to the market.* Only the market can ensure the satisfaction of *people's needs*, the *fair distribution* of wealth, *social rights*, and the strengthening of *freedom and democracy.* The market would permit the Soviet economy to be *organically* linked with the world's, and give our citizens access to all the achievements of *world civilization.*[10]

Naturally, given the total unreality of Gorbachev's "no alternative" wishful thinking, expecting the generous supply "to the people" of all those wonderful would-be achievements and benefits, in all domains, from the global capitalist market, this venture could only end, most humiliatingly, in the disastrous implosion of the Soviet-type system.

5.

It is not at all accidental or surprising that the proposition of *"there is no alternative"* occupies such a prominent place in the socioeconomic and political conceptions formulated from capital's standpoint. Not even the greatest thinkers of the bourgeoisie—like Adam Smith and Hegel—could be exceptions in this respect. For it is absolutely true that the bourgeois order either succeeds in asserting itself in the form of dynamic *capital expansion,* or it is condemned to ultimate failure. There can be really *no conceivable alternative* to endless capital expansion from capital's standpoint, determining thereby the vision of all those who adopt it. But the adoption of this standpoint also means that the question of *"what price must be paid"* for uncontrollable capital expansion beyond a certain point in time—once the ascendant phase of the system's development is left behind—cannot enter into consideration at all. The violation of *historical time* is therefore the necessary consequence of adopting capital's standpoint by internalizing the system's expansionary imperative as its most fundamental and absolutely unalterable determinant. Even in the conceptions of the greatest bourgeois thinkers this position must prevail. There can be no alternative future social order whose defining characteristics would be significantly different from the already established one. This is why even Hegel, who formulated by far the most profound historical conception up to his own time, must also arbitrarily bring history to an end in capital's unalterable present, idealizing the capitalist nation state[11] as the insuperable climax of all conceivable historical development, despite his sharp perception of the destructive implications of the whole system of nation states.

Thus, there can be no alternative to decreeing the pernicious dogma of *no alternative* in bourgeois thought. But it is totally absurd for socialists to adopt the position of endless (and by its nature

uncontrollable) capital expansion. For the corollary idealization of—again characteristically unqualified—"consumption" ignores the elementary truth that from capital's uncritical self-expansionary vantage point there can be *no difference between destruction and consumption.* One is as good as the other for the required purpose. This is so because the commercial transaction in the capital relation—even of the most destructive kind, embodied in the ware of the military/industrial complex and the use to which it is put in its inhuman wars—successfully completes the cycle of capital's enlarged self-reproduction, so as to be able to open a new cycle. This is the only thing that really matters to capital, no matter how unsustainable might be the consequences. Consequently, when socialists internalize the imperative of capital expansion as the necessary ground of the advocated growth, they do not simply accept an isolated tenet but a whole "package deal." Knowingly or not, they accept at the same time all of the *false alternatives*—like "growth or no-growth"—that can be derived from the uncritical advocacy of necessary capital expansion.

The false alternative of *no growth* must be rejected by us not only because its adoption would perpetuate the most gruesome misery and inequality now dominating the world, with struggle and destructiveness inseparable from it. The radical negation of that approach can only be a necessary point of departure. The inherently *positive* dimension of our vision involves the fundamental redefinition of *wealth itself* as known to us. Under capital's social metabolic order we are confronted by *the alienating rule of wealth over society,* directly affecting every aspect of life, from the narrowly economic to the cultural and spiritual domains. Consequently, we cannot get out of capital's vicious circle, with all of its ultimately destructive determinations and false alternatives, without fully turning around that vital relationship. Namely, without *making society—the society of freely associated individuals—rule over wealth,* redefining at the same time also their relation to *time* and to the kind of *use* to which the products of human labor are put. As Marx had written already in one of his early works:

> In a future society, in which class antagonism will have ceased, in which there will no longer be any classes, use will no longer be determined by the *minimum time of production;* but the time of production devoted to an article will be determined by the *degree of its social utility.*[12]

This means an uncompromising departure from viewing wealth as a fetishistic material entity which must ignore the *real individuals* who are the creators of wealth. Naturally, capital—in its false claim to be identical to wealth, as the "creator and embodiment of wealth"—must ignore the individuals, in the self-legitimating service of its own social metabolic control. In this way, by usurping the role of real wealth and

subverting the potential use to which it could be put, capital is the *enemy of historical time*. This is what must be redressed for the sake of human survival itself. Thus all constituents of the unfolding relationships among the historically self-determining real individuals, together with the wealth they create and positively allocate through the conscious application of the only viable modality of time—*disposable time*—must be brought together in a qualitatively different social metabolic framework. To say it with Marx:

> *real wealth* is the developed productive power of all individuals. The measure of wealth is then not any longer, in any way, labor time, but rather *disposable time*. Labour time as the measure of value posits wealth itself as founded on poverty, and disposable time as existing in and because of the antithesis to surplus labour time; or, the positing of an individual's entire time as labour time, and his *degradation* therefore to mere worker, *subsumption under labour*.[13]

Disposable time is the *individuals' actual historical time*. In contrast, necessary labor time required for the functioning of capital's mode of social metabolic control is *anti-historical*, denying the individuals the only way in which they can assert and fulfill themselves as *real historical subjects* in control of their own life-activity. In the form of capital's necessary labor time the individuals are subjected to time exercised as *tyrannical judge and degrading measure*, with no court of appeal, instead of being itself judged and measured in relation to qualitative human criteria "by the *needs* of the social individuals."[14] Capital's perversely self-absolutizing anti-historical time thus superimposes itself over human life as fetishistic *determinant* which reduces living labor to *"time's carcase,"* as discussed elsewhere, in relation to "The Necessity of Planning." The historical challenge is, then, to move in the alternative social metabolic order from the rule of capital's frozen time as *alienating determinant* to become freely *determined* by the social individuals themselves who consciously dedicate to the realization of their chosen objectives their incomparably richer resources of *disposable time* than what could be squeezed out of them through the tyranny of necessary labor time. This is an absolutely vital difference. For only social individuals can really determine their own *disposable time*, in sharp contrast to necessary labor time which dominates them. The adoption of disposable time is the only conceivable *and rightful* way in which time can be transformed from *tyrannical determinant* into autonomously and creatively *determined* constituent of the reproduction process.

6.

This challenge necessarily involves the supersession of the structurally

enforced hierarchical social division of labor. For so long as time dominates society in the form of the imperative to extract the surplus labor time of its overwhelming majority, the personnel in charge of this process must lead a substantially different form of existence, in conformity to its function as the *willing enforcer of the alienating time imperative.* At the same time the overwhelming majority of the individuals are *"degraded to mere worker, subsumed under labour."* Under such conditions, the social reproduction process must sink ever deeper into its *structural crisis,* with the perilous ultimate implications of no possible way of return.

The nightmare of the "stationary state" remains a nightmare even if one tries to alleviate it, as John Stuart Mill proposed, through the illusory remedy of "better distribution" taken in isolation. There can be no such thing as "better distribution" without a radical restructuring of the *production process* itself. The socialist hegemonic alternative to the rule of capital requires fundamentally overcoming the *truncated dialectic* in the vital interrelationship of *production, distribution, and consumption.* For without that, the socialist aim of turning work into "life's prime want" is inconceivable. To quote Marx:

> In a higher phase of communist society, after the enslaving subordination of the individual to the division of labour, and therewith also the antithesis between mental and physical labour, has vanished; after labour has become not only a means of life but *life's prime want;* after the productive forces have also increased with the *all-round development of the individual,* and all the springs of *co-operative wealth* flow more abundantly—only then can the narrow horizon of bourgeois right be crossed in its entirety and society inscribe on its banners: *From each according to his ability, to each according to his needs!*[15]

These are the *overall targets* of socialist transformation, providing the *compass* of the journey and simultaneously also the *measure* of the achievements accomplished (or failed to be accomplished) on the way. Within such a vision of the hegemonic alternative to capital's social reproductive order there can be no room at all for anything like "the stationary state," nor for any of the false alternatives associated with or derived from it. "The *all-round development* of the individuals," consciously exercising the full resources of their *disposable time,* within the framework of the new social metabolic control oriented toward the production of *"co-operative wealth,"* is meant to provide the basis of a *qualitatively* different accountancy: the necessary *socialist accountancy,* defined by human need and diametrically opposed to fetishistic quantification and to the concomitant unavoidable waste.

This is why the vital importance of *growth of a sustainable kind* can

be recognized and successfully managed in the alternative social metabolic framework. Such an alternative order of social metabolic control would be one where the antithesis between mental and physical labor—always vital for maintaining the absolute domination over labor by capital as the usurper of the role of the controlling historical subject—must vanish for good. Consequently, consciously pursued productivity itself can be elevated to a *qualitatively higher level,* without any danger of uncontrollable *waste,* bringing forth genuine—and not narrowly profit-oriented material—*wealth* of which the "rich social individuals" (Marx), as autonomous historical subjects (and rich precisely in that sense) are fully in control.

In the "stationary state," by contrast, the individuals could not be genuine historical subjects. For they could not be in control of a life of their own, in view of being at the mercy of the worst kind of material determinations directly under the rule of *incurable scarcity.*

Ever growing—and by its ultimate implications catastrophic—waste in the capital system is inseparable from the most irresponsible way in which the produced goods and services are *utilized,* in the service of profitable capital-expansion. Perversely, the lower their rate of utilization the higher the scope for profitable replacement—an absurdity emanating from capital's alienated vantage point whereby there can be no meaningful distinction drawn between *consumption and destruction.* For totally wasteful *destruction* just as adequately fulfills the demand required by self-expansionary capital for a new profitable cycle of production as genuine consumption corresponding to use would be able to do. However, the moment of truth arrives when a heavy price must be paid for capital's criminally irresponsible husbandry, in the course of historical development. That is the point where the imperative to adopt an increasingly better and incomparably more responsible *rate of utilization* of the produced goods and services—and indeed consciously produced with that aim in mind, in relation to qualitative human need and use—becomes absolutely vital. For *the only viable economy*—one that economizes in a meaningful way and is thereby sustainable in the near and more distant future—can only be the kind of rationally managed economy, oriented toward the *optimal utilization* of the produced goods and services. There can be no *growth of a sustainable kind* outside these parameters of rational husbandry oriented by genuine human need.

To take a crucially important example of what is incurably wrong in this respect under the rule of capital, we should think of the way in which the ever growing numbers of motor cars are utilized in our societies. The resources squandered on the production and fueling of motor cars are immense under "advanced capitalism," representing the second highest expenditure—after the mortgage commitments—in the particular households. Absurdly, however, the rate of utilization of motor

cars is less than *1 percent*, spuriously justified by the *exclusive possession rights* conferred upon their purchasers. At the same time the thoroughly practicable real alternative is not simply neglected but actively sabotaged by the massive vested interests of quasi-monopolistic corporations. For the simple truth is that what the individuals *need* (and do not obtain, despite the heavy financial burden imposed upon them) are adequate *transport services*, and not the economically wasteful and environmentally most damaging privately owned commodity which also makes them lose countless hours of their lives in unhealthy *traffic jams*.

Evidently, the *real alternative* would be to develop *public transport* to the qualitatively highest level, satisfying the necessary economic, environmental, and personal health criteria well within the scope of such a rationally pursued project, confining at the same time the use of—collectively owned and appropriately allocated, but not exclusively/wastefully possessed—motor cars to specific functions. Thus the individuals' need itself—in this case their genuine need for *proper transport services*—would determine the targets of the vehicles and communication facilities (like roads, railway networks, and navigation systems) to be produced and maintained, in accord with the principle of optimal utilization, instead of the individuals being completely dominated by the established system's fetishistic need for profitable but ultimately destructive capital expansion.

The unavoidable, but up to the present time tendentiously avoided, question of the *real economy*, corresponding to the considerations presented in this article, must be faced in the very near future. For in the so-called third world countries it is inconceivable to follow the wasteful "development" pattern of the past, which in fact condemned them to their precarious condition of today, under the rule of capital's mode of social metabolic reproduction. The clamorous failure of the much promoted "modernization theories" and their corresponding institutional embodiments clearly demonstrated the hopelessness of that approach.

7.

In one respect, at least, we have seen alarm raised in this regard—characteristically pressing at the same time for the assertion and absolute preservation of the privileges of the dominant capitalist countries—in the recent past. It concerned the internationally growing need for *energy resources* and the competitive intervention of some potentially immense economic powers, above all China, in the unfolding process. Today that concern is primarily about China, but in due course also India must be added, of course, to the list of major countries unavoidably pressing for vital energy resources. And when we add to China the population of the Indian subcontinent, we are talking about more than *two and a half*

billion people. Naturally, if they really followed the once grotesquely propagandized prescription of *The Stages of Economic Growth,*[16] with its simple-minded advocacy of "capitalist take-off and drive to maturity," that would have devastating consequences for all of us. For the fully automobilized society of two and a half billion people on the U.S. model of "advanced capitalist development," with more than 700 motor cars to every 1,000 people, would mean that we would be all dead before long through the global "modernizing" benefits of poisonous pollution, not to mention the total depletion of the planet's oil reserves in no time at all. But by the same token, in an opposite sense, no one can seriously envisage that the countries in question could be left indefinitely where they stand today. To imagine that the two and a half billion people of China and the Indian subcontinent could be permanently condemned to their existing predicament, still in heavy dependency to the capitalistically advanced parts of the world in one way or another, defies all credulity. The only question is: whether humanity can find a rationally viable and truly equitable solution to the legitimate demand for social and economic development of the peoples involved. Otherwise, antagonistic competition and destructive struggle over resources are the way of the future, as befits the orienting framework and operating principles of capital's mode of social reproductive control.

Another respect in which the absolute imperative to adopt a qualitatively different way of organizing economic and social life appeared on the horizon in our time concerns the *ecology.* But again, the only viable way of addressing the increasingly grave problems of our global ecology—if we want to face up in a responsible way to the aggravating problems and contradictions of the planetary household, from their direct impact on such vital questions as global warming to the elementary demand for clean water resources and safely respirable air—is to switch from the existing order's wasteful husbandry of fetishistic quantification to a genuinely *quality oriented* one. Ecology, in this respect, is an important but subordinate aspect of the necessary *qualitative redefinition* of utilizing the produced goods and services without which the advocacy of humanity's permanently sustainable ecology—again: an absolute must—can be nothing more than pious hope.

The final point to stress in this context is that the urgency to face up to these problems cannot be underrated, let alone minimized, given capital's vested interests, sustained by its dominant imperialist state formations in their insuperable rivalry among themselves. Ironically, although there is so much propagandistic talk about "globalization," the objective requirements of making a rationally sustainable and globally coordinated reproductive order of social interchanges work are constantly violated. Yet, given the present stage of historical development, the irrepressible truth remains that with regard to all of the major issues discussed in this article we are really concerned with ever aggravating *global challenges,* requiring *global solutions.* However, our gravest

concern is that capital's mode of social metabolic reproduction—in view of its inherently antagonistic structural determinations and their destructive manifestations—is not amenable at all to viable global solutions. Capital, given its unalterable nature, is nothing unless it can prevail in the form of *structural domination.* But the inseparable other dimension of structural domination is *structural subordination.* This is the way in which capital's mode of social metabolic reproduction always functioned and always must try to function, bringing with it even the most devastating wars of which we have much more than just a foretaste in our time. The violent assertion of the destructive imperatives of global hegemonic imperialism, through the formerly unimaginable destructive might of the United States as the global hegemon, cannot bring *global solutions* to our aggravating problems but only *global disaster.* Thus, the unavoidable necessity to address these global problems in a historically sustainable way puts the challenge of socialism in the twenty-first century—the only viable hegemonic alternative to capital's mode of social metabolic control—on the order of the day.

Notes

1. Karl Marx, *Capital,* vol. 1 (Penguin Classics, 1992), 85.
2. John Stuart Mill, *Principles of Political Economy* (Prometheus Books, 2004), 751.
3. Mill, *Principles,* 749.
4. Mill, *Principles,* 749.
5. To quote this book with its full, utterly pretentious, title, Donella H. Meadows, et al., *The Limits to Growth: A Report for the Club of Rome Project on the Predicament of Mankind* (London: Earth Island Limited, 1972).
6. Tellingly, the principal theoretical figure behind this "growth limiting" venture, Professor Jay Forrester, of the Massachusetts Institute of Technology, contemptuously dismissed all concern with equality as a mere "shibboleth of equality." See his interview in *Le Monde,* August 1, 1972.
7. See István Mészáros, *Socialism or Barbarism: From the "American Century" to the Crossroads* (Monthly Review Press, 2001).
8. Vadim Medvedev, "The Ideology of Perestroika," in *Perestroika Annual* 2, Abel Aganbegyan, (ed.) (London: Futura/Macdonald, 1989), 31–32.
9. The title of Hayek's most famous crusading book.
10. Gorbachev quoted in John Rettie, "Only market can save Soviet economy," *The Guardian,* October 17, 1990.
11. To quote one of Hegel's idealizing postulates: "The *nation state* is mind in its substantive rationality and immediate actuality and is therefore the *absolute power* on earth." G. W. F. Hegel, *The Philosophy of Right* (Cambridge: Cambridge University Press, 1991), 212.
12. Marx, *The Poverty of Philosophy,* in *Marx-Engels Collected Works,* vol. 6, 134. Quoted in István Mészáros, "The Communitarian System and the Law of Value in Marx and Lukács" (chapter 19 of *Beyond Capital*), *Critique,* no. 23, 1991, 36. See also chapter 15 ("The Decreasing Rate of Utilization under Capitalism") and chapter 16 ("The Decreasing Rate of Utilization and the

Capitalist State") of *Beyond Capital*, which deal with some important related issues.

13. Karl Marx, *Grundrisse*, 708.
14. Ibid.
15. Karl Marx, *Critique of the Gotha Programme*, in Marx and Engels, *Selected Works*, vol. 2, 23.
16. See Walt Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1960).

(continued from page 60)

investment of less than five percent of the forex to be received—shall get RBI assets with which to speculate in higher yielding bonds, in most of which they shall no doubt themselves for enormous fees play the role of dealer or issuer, and then obtain further massive fees for providing "credit-wrap" insurance. Citigroup and Blackstone will get their entire investment back very fast, but collect right up to the day the whole scheme falls apart. And Indian capitalists, who prefer risky investment in aging Luxembourg steel mills to creating new industry in India, will now get foreign capital cheaply for newly created entities purportedly dedicated to investment in what they choose to decide shall be the "infrastructure" needed in India. One can be certain that all foreign technology or equipment purchased with these ultimately public funds shall be burdened with enormous extra costs pocketed by swarms of supposed intermediaries, parasites and speculators at every step.

At the end of the day there will be the inevitable bankruptcies and defaults followed by the assumption by the Government of India of debt equal to the looted forex reserves. Perhaps it will be argued that we are painting too dark a picture, but we have a memory that goes back more than a day or two. What we have in mind is an earlier instance of private corporate participation in infrastructure development, one of the first triumphs of the neoliberal 'reforms,' the Dabhol Power Corporation fraud. Enlisted on behalf of speculative profits for the U.S. Enron Corporation were the Industrial Development Bank of India (IDBI) who took the lead in the financing of the project, and government guarantees—from the Maharashtra State Electricity Board—played as some may recall a crucial role in getting the scheme off the ground. Certainly among those who do remember this case are some people at Blackstone, once Enron's principal financial advisor. Even more certain to recall Dabhol are Citigroup executives who no doubt closely studied the entire Enron case before signing off on the agreement to pay $120 million to settle U.S. Securities and Exchange Commission allegations that Citigroup helped Enron commit fraud. And surely there will be some who recall that Enron was a leader in developing insurance against bankruptcy, the primary vehicle by which Citigroup and Blackstone lay claim to speculate with the forex reserves of the Reserve Bank of India.

Chidambaram&Co now peddle a new scheme but the same old fraud. If public resources are to be expended on infrastructure, and they should be, public authorities ought to make the crucial planning decisions and be responsible for the consequences.

New Wings for Socialism

MICHAEL A. LEBOWITZ

An Old Essay

Seventeen years ago, in 1990, I began an essay with a poem of Bertolt Brecht. It was a poem about a man in Europe in the Middle Ages who put on "things that looked like wings," climbed to the roof of a church, and tried to fly. He crashed, and the bishop who passed by said, "No one will ever fly."*

In 1990, what was called the socialist world had crashed. And, everywhere there were experts who saw this as proof: socialism had failed. No one would ever fly.

What I attempted to do in that essay was to challenge the theoretical arguments against socialism, theoretical arguments, in particular, against the Marxist case for socialism. And, I proposed that there had been a distortion of Marxism both in theory and in practice—a distortion that forgot about human beings, a determinist message focusing upon productive forces that was silent about "the nature of human beings produced within an economic system." The determinist argument which stresses the primacy of productive forces, I argued, could never understand why Marx sacrificed his "health, happiness and family" to write *Capital*. Nor could it make sense of why Marx never stopped stressing that workers could make themselves fit to create a new society only through the process of struggle.

What was my essential point? It was to emphasize the importance of developing a new common sense—one which sees the logic of producing together in order to satisfy human needs. The failure to do this and to stress instead the development of productive forces, I proposed, leads

*Bertolt Brecht, "Ulm 1592," quoted in Michael A. Lebowitz, "The Socialist Fetter: A Cautionary Tale," in Ralph Miliband and Leo Panitch, eds., *Socialist Register 1991, Communist Regimes: The Aftermath* (London: Merlin Press, 1991).

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inevitably to a dead end—the dead end which we could see in front of us. The point was simple: as Che Guevara had stressed in his classic "Man and Socialism in Cuba," to build socialism it is essential, along with building new material foundations, to build new human beings.

But, how? I focused upon a number of elements. Self-management in the process of production, I argued, was an essential element: "Insofar as people produce themselves in the course of all their activities, the very process of engaging in democratic forms of production is an essential part of producing people for whom the need for cooperation is second nature." But, self-management in particular productive units is not sufficient. You need, I argued, to replace a focus upon selfishness and self-orientation with a focus upon community and solidarity, a conscious emphasis upon human needs; i.e., the necessity to engage in collective solutions to satisfy human needs must be "recognised as a responsibility of all individuals." And, producing people with these characteristics could never be achieved by a state standing over and above civil society. "Rather, only through their own activities through autonomous organisations—at the neighbourhood, community and national levels—can people transform both circumstances and themselves." What, in short, was necessary was "the conscious development of a socialist civil society."

Thus, rather than a focus upon the development of productive forces, I stressed the centrality of human beings and the development of the institutions which permit them to transform themselves. This had not occurred in the Soviet model. "With its lack of democratic and cooperative production, its absence of a socialist civil society and its actually existing bureaucratic rule," so-called real socialism had not produced the new human beings who could build a better world. And, that, I proposed, was the lesson we had to learn from this experience. Rather than concluding from the crash that socialism had failed and that no one would ever fly, the lesson for socialists was different. My concluding line was: "No one should ever again try to fly with those things that only *look* like wings."

A Confession, a Miracle, and a New Beginning

But, let me make a confession. That argument sounds a lot more confident than I really was. Nineteen-ninety was a time of demoralization. However critical one might be about the inadequacy of the socialist experiments that had now crashed, no one who believed in a society of social justice could escape a sick feeling in the stomach from seeing the apparent victory of capitalism. Cuba had not yet succumbed. But, how long could it hold out by itself? How long before we would hear the triumphant crowing of U.S. imperialism, finally able to destroy this challenge? (A challenge both to its rule of the hemisphere and to its

ideological rule.) And, how long, how many generations, before we could try to fly again? All of these worries were not mentioned in the essay. After all, one purpose of the article was to keep the red flag flying rather than to join in a retreat. But, the prospects were not at all encouraging.

Yet, this was all before what I think of as the "Cuban Miracle." Here was a small, poor country which had been blockaded for decades by U.S. imperialism and that had survived by establishing trade relations and economic integration with the Eastern "real socialist" bloc. And, suddenly that bloc, which accounted for 80 percent of Cuba's trade was gone. How could Cuba possibly survive now? How could it purchase the oil it needed to run industry and transportation? And, there weren't only the economic problems as the result of the disappearance of the Soviet Union and its allies. There was also the accelerated political offensive initiated in the United States with new restrictive legislation such as the Helms-Burton Act designed to bring Cuba to its knees.

But, Cuba was *not* brought to its knees. The Cuban people suffered. The per capita income dropped a minimum of 33 percent, and in 1994 (when I went there for an international solidarity meeting) you could see the effects in the stores, the streets, and the general health of people. But, what imperialism wanted did not happen: Cuba stayed firm—despite the suffering. And, that is what I call the Cuban Miracle. How did it happen?

Of course, it wasn't really a miracle—if we mean by that something which drops from the sky and which cannot be explained as a product of human activity. What happened in Cuba can be understood. It reflected years in the development of a new common sense, one in which solidarity was stressed and nurtured (especially through the practice of international solidarity); it mirrored the development of dignity and a pride in the achievements of the Cuban Revolution (especially in the areas of health and education); and it embodied the existence of a strong leadership committed to socialism. Cuba survived this period by building upon its best accomplishments and at the same time deepening its democratic practices through worker and community assemblies and congresses.

In a world where the mantra was TINA—that there is no alternative to neoliberalism—this was indeed a miracle. It was a miracle in the literal sense: a wonderful thing to behold. And, I think that we do not give this Cuban miracle sufficient credit. Because it demonstrated that there was an alternative, an alternative based on concepts of solidarity and human development. And, that example, an example which demonstrates the importance of the *battle of ideas* in building new human beings, has been essential especially in Latin America. In this respect, I regard Cuba's victory over imperialism in the Special Period not as the last chapter of twentieth-century socialism but as a new

beginning—the first chapter of socialism for the twenty-first century.

The Vision of Socialism for the Twenty-First Century

What do we mean by socialism for the twenty-first century? I think it is precisely what President Chávez called for when he spoke of the need to reinvent socialism: "We must reclaim socialism as a thesis, a project and a path, but a new type of socialism, a humanist one, which puts humans and not machines or the state ahead of everything."

That vision can be seen in the Bolivarian Constitution which talks about "ensuring overall human development," about "developing the creative potential of every human being and the full exercise of his or her personality in a democratic society," about participation being "the necessary way of achieving the involvement to ensure their complete development, both individual and collective," and in the identification of democratic planning and participatory budgeting at all levels of society and "self-management, co-management, cooperatives in all forms" as examples of "forms of association guided by the values of mutual cooperation and solidarity."

That vision was further articulated by President Chávez, when he talked in 2003 about the nature of the "social economy" which "bases its logic on the human being, on work, that is to say, on the worker and the worker's family, that is to say, in the human being." This is the concept of an economy which is not dominated by the idea of economic gain and exchange values; rather, he stressed, "the social economy generates mainly use-value." Its purpose is "the construction of the new man, of the new woman, of the new society." This is a familiar vision: it is the ideal of the great religions, of humanist traditions, of indigenous societies—the idea of a human family, of human beings linked by solidarity rather than self-interest.

Certainly, too, this is a vision which rejects the perverse logic of capital and the idea that the criterion for what is good is what is profitable. It rejects the linking of people, too, through exchange of commodities, where our criterion for satisfying the needs of others is whether this benefits us as individuals or groups of individuals. This is a vision expressed so clearly by István Mészáros when he drew upon Marx to talk about a society in which, rather than the exchange of commodities, there is an exchange of activities based upon communal needs and communal purposes. And, that vision was embraced by President Chávez in 2005 when he said "we have to create a communal system of production and consumption, a new system." We have to build, he insisted, "this communal system of production and consumption, to help to create it, from the popular bases, with the participation of the communities, through the community organizations, the cooperatives, self-management and different ways to create this system."

Elements of the New Socialism

But, how do you go beyond a vision to create this new system? What steps do you take? Mészáros emphasizes that in the complex dialectic of production-distribution-consumption, no one part can stand alone—it is necessary to radically restructure the *whole* of these relations. If we think of socialism, like capitalism, as a "structure of society, in which all relations coexist simultaneously and support one another" (Marx), how can you build this new system? How can you make any real change if you have to change all relations—and you can't change them all simultaneously?

It must be done the same way that capitalism developed. Capitalism developed through a process, a process of "subordinating all elements of society to itself" and by creating for itself the organs which it lacked. The new socialist society similarly must develop through a process of subordinating all the elements of capitalism and the logic of capital and by a process of inserting its own logic centered in human beings in its place. It proceeds by assembling the elements of a new dialectic of production-distribution-consumption.

What are those elements? At the core of this new combination are three characteristics: (a) social ownership of the means of production, which is a basis for (b) social production organized by workers in order to (c) satisfy communal needs and communal purposes. Let us consider each in its turn and their combination.

A. **Social ownership of the means of production** is critical because it is the only way to ensure that our communal, social productivity is directed to the free development of all rather than used to satisfy the private goals of capitalists, groups of individuals, or state bureaucrats. Social ownership, however, is not the same as state ownership. State property is consistent with state capitalist enterprises, hierarchical statist firms, or firms in which particular groups of workers (rather than society as a whole) capture the major benefits of this state property. Social ownership implies a profound democracy—one in which people function as subjects, both as producers and as members of society.

B. **Production organized by workers** builds new relations among producers—relations of cooperation and solidarity; it furthermore allows workers to end "the crippling of body and mind" and the loss of "every atom of freedom, both in bodily and in intellectual activity" (Marx) that comes from the separation of head and hand characteristic of capitalist production. As long as workers are prevented from developing their capacities by combining thinking and doing in the workplace, they remain alienated and fragmented human beings whose enjoyment consists in possessing and consuming things. Further, as long as this production is carried out for their private gain rather than that of society, they look

upon others (and, indeed, each other) as means to their own ends and thus remain alienated, fragmented, and crippled. Social production, thus, is a condition for the full development of the producers.

C. **Satisfaction of communal needs and purposes** has as its necessary condition a means of identifying and communicating those needs and purposes. Thus, it requires the development of the democratic institutions at every level which can express the needs of society. Production reflects communal needs only with information and decisions which flow from the bottom up. However, in the absence of the transformation of society, the needs transmitted upward are the needs of people formed within capitalism—people who are "in every respect, economically, morally and intellectually, still stamped with the birth marks of the old society" (Marx). Within the new socialist society, the "primacy of needs" is based not upon the individual right to consume things without limit but, rather, upon "the worker's own need for development"; these are the needs of people in a society where the free development of each is the condition for the free development of all. In a society like this, where our productive activity for others is rewarding in itself and where there is all-round development of individuals, society can place upon its banner: to each according to his/her need for development.

As consideration of these three specific elements suggests, realization of each element depends upon the existence of the other two—precisely Mészáros's point about the inseparability of this distribution-production-consumption complex: Without production for social needs, no real social property; without social property, no worker decision-making oriented toward society's needs; without worker decision-making, no transformation of people and their needs. The presence of the defects inherited from the old society in any one element poisons the others. Thus, we return to the essential question: how is a transition possible when everything depends upon everything else?

Building Revolutionary Subjects

In order to identify the measures necessary to build this new socialist society, it is absolutely critical to understand Marx's concept of "revolutionary practice"—the simultaneous changing of circumstances and human activity or self-change. To change a structure in which all relations coexist simultaneously and support one another, you have to do more than try to change a few elements in that structure, you must stress at all times the hub of all these relations—human beings as subjects and products of their own activity.

Every activity in which people engage forms them. Thus, there are two products of every activity—the changing of circumstance or things (e.g., in the production process) and the human product. This second

side of production is easily forgotten when talking about structural changes; however, it was not forgotten in the emphasis of the Bolivarian Constitution upon practice and protagonism—in particular, the stress upon participation as "the necessary way of achieving the involvement to ensure their complete development, both individual and collective."

What is the significance of recognizing this process of producing people explicitly? First, it helps us to understand why changes must occur in all spheres—every moment that people act within old relations is a process of reproducing old ideas and attitudes. Working under hierarchical relations, functioning without the ability to make decisions in the workplace and society, and focusing upon self-interest rather than upon solidarity within society—these activities produce people on a daily basis; it is the reproduction of the conservatism of everyday life.

Recognizing this second side also directs us to focus upon the introduction of concrete measures which explicitly take into account the effect of those measures upon human development. Thus, for every step two questions must be asked: (1) how does this change circumstances and (2) how does this help to produce revolutionary subjects and increase their capacities?

We are back, then, at the question of what was missing in the old efforts to build a new socialist society. In forgetting what Che knew—the necessity to build new socialist human beings simultaneously, those early attempts tried to fly with things that only *looked* like wings. When you begin, however, from the centrality of human subjects, you never forget that democratic, participatory, and protagonistic practices are at the heart of creating the new socialist human beings and a new socialist society.

Let me return explicitly to the subject of my book—or, more accurately, to its title. We have learned from the failures of the past. And, we no longer accept the story that man will never fly. Venezuela has a wonderful opportunity to build this new society. It is blessed with important natural resources; it has begun upon a path of developing a new common sense based upon protagonism and solidarity, and it has strong socialist leadership. Build it now.



The only part of the so-called national wealth that actually enters into the collective possession of a modern nation is—the national debt.

—Karl Marx, *Capital*, vol. 1 (Vintage), 919.

The Imperative of an International Guaranteed Income

STEPHEN J. FORTUNATO JR.

Twenty-first century capitalism is not an improved and benign version of its nineteenth- and twentieth-century manifestations, nor will it ever be, despite daily bluster by the system's practitioners and apologists that a rising tide of prosperity will soon lift all boats. The animating principles of capitalism governing the pursuit of profits are as hollow and iniquitous now as they were in 1848, especially where human exploitation and the distribution of wealth are concerned. As super-capitalist Warren Buffett remarked recently in a trenchant understatement: "A market system has not worked well in terms of poor people" (*The New York Times*, June 27, 2006).

Notwithstanding technological advances and new trade arrangements, capitalism, with its sanitized label of globalization, is not striding toward a brave new future, but is hurtling furiously toward the past. Within capitalism—whether it is branded as globalism, imperialism, or free enterprise—there is nothing new under the sun.

From its earliest days, capitalism has been global—or what were clipper ships for? And capitalism always has been ruthlessly indifferent to human suffering—or what was (and is) traffic in slaves, opium, and weapons all about? In the second half of the nineteenth century and into the early years of the twentieth, capitalists ventured from their principal industrial bases in the United States, Europe, and Japan into Latin America, Africa, China, and other parts of Asia, dividing territories and brutalizing indigenous populations with the lethal support of their home nations' imperial armies. The struggle of the capitalist states among themselves did not inhibit the system's ultimate subjugation and exploitation of local populations.

The facts and data compiled and collated in an agglomeration of publications by United Nations agencies, governments, non-governmental organizations, leftist journals, and capitalist financial organs all document the same fundamental reality: a small minority of the world's population enjoys a comfortable standard of living and holds a disproportionate

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share of money and assets while the majority of humanity lives in squalor, often beset by political instability and violence. Even a casual observation of the economic and cultural consequences of capitalist production and distribution reveals that the system has no internal principles or mechanisms that will halt—or even abate—the relentless flow of wealth into the hands of a relative few, while leaving the majority racing on treadmills to escape dangerous jobs, shabby schools, and third-rate medical systems.

The poor—and those anxious to help them—know the squalid and unsafe conditions they inhabit; and they understand that what bars them from a healthy and fulfilling life beyond poverty is the dearth of what the capitalist class has plenty of—cash. It is the responsibility of socialists and progressives to demand political and economic mechanisms to transfer cash from those with an obscene surplus of it to those who can barely feed and clothe themselves and their children. The vehicle for this is the guaranteed annual income, an idea that has drifted in and out of political debate and activism for nearly a century, and which now must be resurrected, but this time with an international thrust.

Socialist thinkers and agitators from Marx and Engels to Rosa Luxemburg, into the modern era and the observations of the late Ernest Mandel and Daniel Singer, have all chronicled capitalism's relentless drive to expand beyond national or regional boundaries in search of cheap labor, markets, and raw materials; and hence, these thinkers all insisted that the struggle against capitalist predations must necessarily be an international one. They saw clearly that capitalism is an international malady requiring an international cure.

The need for an international guaranteed annual income is urgent. By the time any prevailing models for relief are implemented—meaning the development of infrastructure in third-world countries marked by the construction of roads, ports, utility lines, etc., so capitalists can build their factories and establish their agribusinesses—millions will have died from starvation and disease; and even after the businesses, mines, and farms are operating, millions will remain unemployed and those with jobs will be woefully underpaid.

Two phenomena of present day capitalism create impregnable barriers to a better life for the dispossessed and accelerate the wealth gap between the rich and the poor as well as the middle class. The first is that globalization has regressed into a condition that Marx identified as "primitive accumulation," and that David Harvey has called "accumulation by dispossession." The second factor is that the rapine of the capitalist oligarchy is unrestrained by any political or "market" forces capable of retarding the flow of cash upward from the field or shop floor into the pockets of CEO's, their favored managers and employees, and stockholders. No market forces dictate that a CEO should receive a

salary of $12 million a year—or even $2 million; but boards of directors and corporate compensation committees composed of cronies can guarantee this largesse at the expense of workers. And this same group of decision makers, along with the political officials they sponsor and subsidize, will deceptively claim, for example, that market forces, inflationary pressure, and the potential loss of jobs compel them to block efforts to increase the ludicrously low minimum wage in the United States from $5.15 an hour, where it has been for a decade.

In explaining the early stages of capital accumulation, Marx described a seventeenth- and eighteenth-century environment that is sadly being replicated today without any potent countervailing force to inhibit the viciousness of capitalism as it scours the globe searching for cheap labor and materials:

> the accumulation of capital pre-supposes surplus-value; surplus-value pre-supposes capitalist production; capitalist production pre-supposes the pre-existence of considerable masses of capital and of labour-power in the hands of commodity producers. The whole movement, therefore, seems to turn around in a never-ending circle, which we can only get out of by assuming a primitive accumulation.[1]

Marx continued, with sarcastic anger:

> The discovery of gold and silver in America, the extirpation, enslavement and entombment in mines of the aboriginal population of that continent, the beginning of the conquest and plunder of India, the conversion of Africa into a preserve for the commercial hunting of black skins, are all things that characterize the era of capitalist production. These idyllic proceedings are the chief moments of primitive accumulation.[2]

Slavery was a "moment of primitive accumulation," and so are sweatshops in Mexico (the infamous maquiladoras), in China, in Indonesia, in Jordan, and elsewhere. What is the $5.15 federal minimum wage in the United States if not a modern version of the whip wielded to wrest surplus profits from the superexploitation of farm workers, janitors, and others in the ranks of the marginalized?

Worldwide, one estimate places "1.2 billion people [living] below the international poverty line, earning less than $1 per day."[3] United Nations figures show that in 2000, 56 percent of Guatemalans lived beneath that country's poverty line, and one can quickly locate similar figures for Mozambique, Rwanda, Bangladesh, and other third-world outposts, while in more developed countries such as Poland, Chile, and Thailand, the percentage of the population living beneath established poverty guidelines hovers around 15 percent.

This does not mean that the people who barely escape falling into a

poverty rubric are enjoying incomes and social services that make for economically secure and healthy lives. The central factor to note is that the millions of people worldwide living in or near poverty are prey for exploitation because they are powerless to resist the blandishment of the low-paying and often dangerous jobs presented by capitalists, who locate their factories, large-scale farming enterprises, and other businesses in the midst of the impoverished.

The present capitalist moment, then, is not an enlightened stage of a system that believes its survival depends on an equitable sharing of wealth with workers and those who cannot work for reasons such as age or disability. No, capitalism in the twenty-first century is recreating through multinational corporations and their political allies new "moments of primitive accumulation."

The capitalist universe assures that wealth—brutally and primitively accumulated—flows into executive suites and not into workers' paychecks or tax-funded programs for the common good. Under capitalism's current reign, it is a crime for a poor person to steal a loaf of bread or a box of infant formula, but it is not a crime for corporations to pay workers wages that perpetuate poverty while executives collect salaries and benefits in the millions. With their hefty compensations, the affluent lead lives of opulence that would make the Medici blush. According to the Boston Consulting Group, a firm that provides advice to what has lately been tagged the New Luxury sector of capitalism (companies such as Cartier, Louis Vuitton, Gucci, etc.), sales rose in this grouping from $450 million in 2003 to $525 million in 2004, with projections for $1 trillion in sales by 2010.

The salaries of today's prototypical capitalists—CEO's, corporate raiders, investment bankers, hedge fund managers—rest upon a political and cultural disconnect between the work they perform and the income they receive. Only their egomaniacal self-justification asserts that their compensation is a fair measure of their contribution to the common good. There is no market anywhere that insists a CEO make $12 million annually—or even $2 million—while his workers make 1/300 of this or worse. No natural forces dictated that Richard Grasso was entitled to $190 million as severance pay when he resigned as president of the New York Stock Exchange, or that $400 million was a just gratuity for Lee Raymond when he retired as president of Exxon. The legally sanctioned salaries, bonuses, option packages, and golden parachutes of corporate oligarchs are not set by markets, and not by moral philosophers either, but rather by their equally larcenous class colleagues.

The same can be said of the annual pay garnered by professional athletes, movie stars, and other celebrities. The social value of their product is often dubious, but whatever its merits, the stratosphere in which their compensation is found is not set by market forces. Society

can survive without Paris Hilton or Tom Cruise, but public safety and health are threatened after a week without garbage collectors or nurses.

The reallocation of wealth and the implementation of an international guaranteed annual income, so that the majority of humanity can sustain themselves, even thrive, must begin by recognizing the obvious: if executive and celebrity pay is not linked by identifiable and rational principles to work performed, but is rather the result of arbitrary and frivolous notions of entitlement, then there can be no justification for withholding a fair, annual compensation from anyone based on the spurious rationale that he or she does not produce something of value at a job. This is especially true because capitalism intentionally suppresses wages and perpetuates unemployment by utilizing labor-eliminating technology, establishing ludicrously low minimum-wage levels and poverty guidelines, and creating parsimonious social safety nets.

The premise of a guaranteed annual income posits that individuals must receive payments sufficient to support themselves from society's product, not because they make a direct contribution to productivity, but simply and solely because they exist and have needs that must be met. Its provenance as a modern political goal can be traced to Bertrand Russell. In his 1918 polemic, *Pathways to Freedom: Socialism, Anarchism and Syndicalism,* the English philosopher wrote: "a certain small income, sufficient for necessities, should be secured for all, whether they work or not. A larger income...should be given to those who are willing to engage in some work which the community recognizes as useful...."[4] Russell's fond hopes gained no traction and the Second World War derailed them altogether. But when western-style capitalism rebuilt itself, and technological innovations in the 1950s and 1960s revealed capitalists' increasing ability to supplant human labor with machines, thinkers such as Robert Theobold and W. H. Ferry resurrected the idea of income payments to people regardless of whether they held a job.

An economist, Theobold submitted a logical and pragmatic critique of the capitalist industrial economy: (1) capitalism must constantly increase production, and to do this it requires the participation in the workforce of all—or almost all—able-bodied individuals; (2) as a result of their participation, these individuals receive wages, with which they can purchase and consume the goods and services produced by the system; (3) while capitalism has never put everyone to work, and in fact encourages the existence of a surplus labor pool to maintain a downward pressure on wages, the development of computers, automation, and cybernation will eliminate forever the possibility of full employment; (4) as a result, substantial numbers of people will be unable to obtain a job despite their willingness to work; (5) consequently, a guaranteed annual income is a political and practical necessity.

Theobold was not content to have his ideas confined to academic

discussions. On March 22, 1964, Theobold and a number of colleagues, including Norman Thomas, Michael Harrington, Bayard Rustin, and Linus Pauling, sent a report titled *The Triple Revolution* to President Lyndon Johnson.[5] The Johnson administration acknowledged the cogency of the observations and solutions proposed by the report, but proceeded with its own Great Society approach to poverty. Throughout the 1960s, the idea of a guaranteed annual income remained a respectable topic for political discourse; and by 1971, the idea gained support from—of all people—then-president Richard M. Nixon.

In the 91st Congress, Nixon pushed for a Family Assistance Plan that was essentially a guaranteed income proposal according to Professor (later U.S. Senator) Daniel Patrick Moynihan. In his book—*The Politics of a Guaranteed Annual Income: The Nixon Administration and the Family Assistance Plan*—detailing the political struggle surrounding Nixon's unsuccessful effort to get the legislation passed, Moynihan addressed Nixon's political calculation to stay clear of the label "guaranteed income": "This will confuse some readers and trouble others, inasmuch as it *was*, a fact the President knew well enough....There was *no* work requirement *per se* in the legislation, but the central income supplement provision was surrounded by incentive structures designed to increase the feasibility and desirability of work"[6] (emphasis in original). The Family Assistance Plan passed in the House of Representatives but was defeated in the Senate; yet for a decade, the idea of a guaranteed annual income, whatever appellation was affixed to it, remained a mainstream political issue.

Today the notion of a guaranteed annual income, like all progressive redistributive proposals, languishes at the margins of political debate. Despite this, activist groups from Europe to the United States to Namibia push living-wage campaigns and agitate for what is often labeled a "basic income guarantee."[7] Even some conservatives are attracted to these ideas, as they see in them the possibility of eliminating many of the government bureaucracies that presently dispense welfare benefits.

The political demand for an international guaranteed income will meet with ferocious opposition from the capitalist class and their allies. They will argue that it will be impossible to calculate payments to be made to people living in countries and regions with disparate wages, prices, and infrastructures; but it is already an observable fact that there are vastly different minimum-wage laws and poverty lines established across the globe. Economists, aided by experts in such fields as housing, transportation, and medical care, can easily compute the income people require to live above a local poverty line.

Funding such payments presents political problems, but as Theobold and others have demonstrated—and as Richard M. Nixon thought possible—a vital economy of abundance can support these payments, as

could the curtailment of capitalist hoarding that is undergirded by perpetual tax holidays for corporations and the corporate plutocracy. The political objective, of course, is to transfer funds from the governments of developed countries, not to mention multinational corporations and their owners and operators, into the pockets of the poor.

The global oligarchy will undoubtedly wring its hands about a guaranteed annual payment stifling initiative and fostering indolence among the working class. This argument has always been advanced by reactionaries to subvert political movements seeking to obtain any type of welfare payment or social advantage for poor people. The capitalist rationale is that if payments for dependent children, or unemployment, or food in the aggregate come close to equaling what one could earn in a low-paying job, there will be no incentive for the person to seek employment.

Two European scholars have offered a rejoinder to this neoliberal fearmongering. In a co-authored essay, Robert J. van der Veen and Philippe van Parijs proposed a universal grant of a guaranteed annual income to each citizen, regardless of income or wealth. Recognizing that achieving the collective ownership of the means of production by workers is not feasible in this historical moment, the authors contend that it is a realizable goal to rearrange the distribution of society's social product in an equitable manner. The authors advocate that every individual receive payments that have no relation to any actual labor performed; and they further insist that the payment not be structured as a potentially denigrating and thus demoralizing income supplement or subsidy designed to lift up an individual's income to a previously established minimum level. "If, on the other hand, guaranteed income takes the form of a *universal grant*, unconditionally awarded to every citizen....citizens have an absolute right to this grant whatever their income from other sources, they start earning additional net income as soon as they do any work, however little and however poorly paid it may be..."(emphasis in original).[8]

One goal of socialism is to raise people out of squalor, so any payment must be decently above the poverty level in a given region; activists and policy makers can debate whether it should be 150 percent or some other number above the line. However, the universal grant that van der Veen and van Parijs propose invites the criticism that people at high-income levels earning monies well in excess of anyone's reasonable needs do not require payments that, in effect, would be windfalls. In the United States, for example, someone earning $15,000 a year to support herself and three children could surely utilize an annual grant of $38,000 per year (twice the current poverty level for a family of four); but any payment to a person who for the past two or three years has been averaging $300,000 in income seems altogether unnecessary and wasteful.

Any claim by the capitalist oligarchy and their mouthpieces (the William Clintons and the Thomas Friedmans) that a proposal for an international guaranteed annual income is utopian can be rejected by directing their attention to current reality. The historical fact is that capitalists have dominated most of Latin America, Africa, and Asia for two centuries, but the majority of Latin Americans, Africans, and Asians have nothing to show for this except illiteracy, AIDS, squalor, and hunger. On the contrary, it is utopian to believe that the class that for two hundred years oppressed workers, violently resisted changes as mild as the abolition of child labor and the implementation of the eight-hour day, and degraded the environment will abandon greed in favor of justice now that they can discuss their concerns at the World Trade Organization. As Immanuel Wallerstein noted in an insightful work called *Utopistics*, an important distinction must be made between visions of the future that are impractical and unrealizable, however paradisiacal they may appear, and those that are within our grasp if creative intelligence and political will are brought to the table. These latter goals Wallerstein denoted with his coined word—*utopistics:* "The serious assessment of historical alternatives, the exercise of our judgment as to the substantive rationality of alternative possible historical systems."[9]

The fine points, of course, can be debated in legislatures and in the streets, but the principle socialists must advance is clear: the perpetual stagnation of workers' wages, accompanied by chronic unemployment and underemployment, requires that every person be given an annual share of the social product regardless of whether he or she contributed labor to those who own the global production machinery.

It must be repeated loudly and often that just as there is no reasonable relationship between a service performed and the annual payment of $12 million to an executive or manager, there need not be any direct correlation between a service rendered and a guaranteed payment to a worker (or would-be worker) of an amount calculated to provide the necessities of life and a modicum of dignity.

To buttress demands for an international guaranteed annual income, advocates can point to binding legal principles memorialized in international treaties, all of which recognize fair wages and decent living conditions as an inherent and inalienable right of the individual. Article 23 of the Universal Declaration of Human Rights of 1948 provides, among other things, "everyone has the right to work, to free choice of employment, to just and favorable conditions of work, and to protection against unemployment," and that "everyone who works has the right to just and favorable remuneration insuring for himself and his family an existence worthy of human dignity, and supplemented, if necessary, by other means of social protection...."

Twenty-one years later, Article 16 of the United Nations Declaration

on Social Progress and Development proclaimed that one of the "means and methods" for realizing social progress was an "equitable distribution of national income, utilizing, *inter alia*, the fiscal system and government spending as an instrument for the equitable distribution and redistribution of income in order to promote social progress...." These grandiose pronouncements have yet to be realized under the regime of global capitalism, just as the people who have their hands on the throttle of the world's most powerful economy have not done anything reasonably ordained to achieve the economic justice advocated by Franklin D. Roosevelt, who, in his famous Second Bill of Rights speech, demanded for everyone "the right to a useful and remunerative job in the industries or shops or farms or mines of the Nation"; "the right to earn enough to provide adequate food and clothing and recreation"; etc.[10]

On the international level, it is unfortunate that the United Nations—the very institution that crafted the treaties acknowledging inalienable rights of all people to sustenance and dignity—undermined the possibility of halting globalization's cruel dominion by what it sententiously calls its Millennium Development Goals. This project is viewed by international aid professionals and bureaucrats as an effective plan for the developed nations to uplift the undeveloped; but from a socialist perspective, it is a fraudulent imposition by the rich and the affluent on the impoverished and the indebted. The United Nations' objectives, especially those designed to eliminate extreme poverty—"poverty that kills"—are laudable: purification of water supplies, inoculation programs, literacy campaigns, etc. But the rub, as always, is in the politics and the fine print, where we can see the indelible marks of today's international global buccaneers: "In a market-oriented economy, as long as individuals and businesses have the tools offered by infrastructure and human capital, the private sector can develop rapidly. Private sector-led growth in agriculture, industry and services will then generate jobs and incomes, which reduce poverty and future dependency on foreign aid."[11] The "then" referenced in this capitalist tenet of faith is that point in time which arrives with the creation of an infrastructure in a donee country. But at that delicious moment the poor will have been rendered ripe for picking and plunder by imperial multinationals and local elites.

To confront global capitalism effectively, socialists must also overcome the antipathy of the middle class, who, of necessity, work in the service of globalization with more adequate compensation than frontline workers, but who have a reactionary consciousness attributable to the corporate-dominated media, a manipulated electoral system, and, in the United States, a craven political opposition. What Engels said about middle-class attitudes in his 1845 tract, *The Conditions of the Working Class in England*, is true today: "They really believe that all human beings (themselves excluded) and indeed all living things and inanimate objects

have a real existence only if they make money or help to make it."[12] Substantial numbers of elected officials, and the electorate that votes for them, exhibit a continuing hostility toward the poor generally, and toward immigrants, minorities, ex-prisoners, etc. in particular. There are today, as Engels noted about his time, "honorable exceptions" to the general rule; and though the middle class does not awake each morning planning to step on the necks of the poor, their apathy and indifference has the same practical effect.

Capitalism has never harbored any internal principles that by themselves require the payment of just wages or the elimination of the degrading social conditions in which most poor people live. Any benefits enjoyed by the marginalized, not to mention the middle class, are the results of external forces such as revolutions, the threat of revolution, strikes, the demands of mass movements, and so on. Though various types of social safety nets are scattered throughout the world's countries, capitalism's relentless pressure for increased profits through expansion inevitably coerces the system to act retrogressively relative to improving the lot of the majority. This is true in long-standing capitalistic economies, and it is true in the new global powerhouses of China and India, where wage disparities between capitalists and workers are pervasive, unions are often impotent, working conditions are unsafe, and new millionaire classes are developing, with a few billionaires thrown in for good measure. Two socialist critics have recently described the situation in China with words that apply to many places where international capital dominates:

> with the purchasing power of the majority of rural people stagnating, with intensified exploitation and repression of industrial workers, and with the plunder of state assets by the new capitalist class and its Chinese Communist Party allies, the country's household income inequality now exceeds that of India and Indonesia and rivals that of Brazil and South Africa.[13]

Wherever it reaches—and this means almost everywhere—capitalism spreads its tentacles into all dimensions of economic, political, community, and private life, thereby presenting to socialists and others committed to resistance multiple areas for struggle: environmental sustainability; peace; occupational safety; affordable and adequate health care for all; etc. But in the midst of these necessary confrontations, socialists must constantly press an uncompromising demand for an international guaranteed annual income, as the capitalist alternative is death and misery for the mass of humankind.

Notes

1. Karl Marx, *Capital*, vol. 1 (London: Penguin Classics, 1990), 873.
2. Marx, *Capital*, 915.

3. http://www.pulsemed.org.
4. Bertrand Russell, *Pathways to Freedom* (New York: Blue Ribbon Books, 1918), 110.
5. *The Triple Revolution* is available at http://www.pa.msu.edu. For Robert Theobold's discussion of the guaranteed annual income, see his *An Alternative Future for America* (Chicago: The Swallow Press, 1968) and *Free Men and Free Markets* (New York: Clarkson & Potter, 1963).
6. Daniel P. Moynihan, *The Politics of a Guaranteed Annual Income* (New York: Random House, 1973), 11.
7. A comprehensive resource concerning scholarship and action regarding the basic income guarantee is http://www.usbig.net.
8. Robert J. van der Veen and Philippe van Parijs, "A Capitalist Road to Communism," *Theory and Society* 15 (September 1986), 643.
9. Immanuel Wallerstein, *Utopistics* (New York: The New Press, 1998), 1.
10. Cass R. Sunstein, *The Second Bill of Rights* (New York: Basic Books, 2004), 243. This book also includes excerpts from treaties and national constitutions referencing rights to economic justice.
11. http://www.unmillenniumproject.org.
12. Friedrich Engels, *The Condition of the Working Class in England* (California: Stanford University Press, 1958), 311.
13. Martin Hart-Landsberg and Paul Burkett, *China and Socialism: Market Reforms and Class Struggle* (New York: Monthly Review Press, 2005.), 111.

Within a neonconservative movement to privatize all aspects of American society, a heavily funded and well-organized campaign has created NCLB [No Child Left Behind] to discredit and destroy public education. There is no other explanation for the impossible, destructive conditions it imposes on the nation's schools. Its enactment and implementation will wipe out a century and a half of progress in which American public education has evolved, with all its deficiencies, into the most successful and inclusive system the world had yet known....Many highly professional teachers are leaving teaching or taking early retirement to escape being required to conform to aspects of the law that make it impossible to teach in the best interests of their pupils.

—"Ten Alarming facts About No Child Left Behind," in Ken Goodman, et. al., ed, *Saving Our Schools*, 7-8.

REVIEW

What It Means to Teach

AMY DEMAREST & ELLEN DAVID FRIEDMAN

Daniel Moulthrop, Ninive Clements Calegari, and Dave Eggers, *Teachers Have it Easy: The Big Sacrifices and Small Salaries of America's Teachers* (New York: The New Press, 2006), 355 pages, hardcover, $25.95.

Although some idealize and others demean the work of teachers, few people outside the field fully understand what it really means to teach. Misconceptions about teaching influence the ways that Americans think about the profession. One of the manifestations of this enduring disconnect between the American public and the professionals who teach is the low salaries teachers receive. This is the main issue that Moulthrop, Calegari, and Eggers tackle in this thorough and valuable ethnographic study of the lives of teachers, their daily struggle to make ends meet, and what it means to teach.

The authors challenge the perception that teachers have it pretty easy and instead paint a compelling tale of the inspiration and desperation that teachers experience in their professional lives. They examine what keeps teachers in a profession where they feel undervalued, and what makes them leave. They include the voices of educational experts, policy makers, and other players involved in all aspects of the educational system.

The main premise of this book is that teachers need and deserve a decent salary, and that schools will improve when they're able to attract, support, and retain "the best and the brightest" by paying higher salaries. Well-established research is offered that attests to the relationship between teacher quality and student performance and the extent to which a teacher is the primary factor within the educational

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setting affecting a child's success in school.

In their introduction, the authors present three lines of reasoning that undermine the social commitment to decent salaries for teachers. These are: The view that teachers are well paid in relation to the time spent working; that teaching entails a life of sacrifice and service ("much like clergy, so high pay should not be an expectation,"); and that teachers *should* be paid more but aren't, due only to lack of available funds.

The structure of the book reflects the authors' allegiance to the voices and experiences of the two hundred teachers interviewed, voices that directly challenge the public's strongly held biases. While significant research studies are presented alongside the stories, it is the voices of the teachers themselves that remain central and carry this book's message.

The authors begin with the powerful story of Jonathan Dearman, a brilliant and talented African-American teacher who—two and a half years into the start of an outstanding teaching career—reluctantly left the profession to sell real estate when he realized he could triple his salary by selling houses and still have time for his family and himself. Dearman's story—a tragedy really—serves as an allegory for the rest of the book and underlines the poignancy of missed opportunity for human fulfillment, both for Dearman and his students. As with others portrayed in the book, Dearman loved teaching but was forced out by the low pay, lost family time, and the constant stress of feeling unsuccessful, despite working seventy to eighty hours per week.

In the beginning of the book the authors outline seven prominent myths and assumptions that thwart the promise of public education. The balance of the book offers rich testimony and effective use of supporting data that provide a robust counterpoint to these myths.

At the top of the list of myths—very familiar to anyone who's taught—is that teachers get a great hourly wage in relation to the hours worked. This argument echoes in countless school board meetings and living rooms around the country and is central to the point of this book. The hourly wages argued about are the contact hours that teachers spend with students when they are "at work." This, of course, doesn't account for hours spent correcting, planning, gathering resources, talking with parents, and taking part in extra-curricular activities, meetings, and other professional development. The authors present a compelling tale of the myriad of tasks and the many hours that teachers spend keeping their classrooms functioning. Studies indicate that teachers spend an average of ten additional hours per week that are not recognized as part of their work time, while many spend a great deal more than that.

The belief that "teachers have summers off" is another popular refrain that the authors refute. They indicate that 42 percent of teachers teach summer school or have another job and all teachers are required to take

part in professional development for which they don't get paid—and for which they must often pay. Summer is also the time when many teachers do the bulk of their planning for the next school year. Due to the nature of their jobs, the time for the deep and inspired thinking that is needed to design a year of learning experiences is not possible during the school year.

Third, the authors address the myth that there is no correlation between highly paid teachers and high student achievement. While the direct correlation between pay and student performance may be disputed, commonly accepted research supports that good teachers are the single most important factor within the educational setting in a child's success in school.

The fourth popular argument is that unions are the problem because they push for tenure (protecting "incompetent" teachers), they enforce strict adherence to hours and working conditions as stipulated in a contract, and they maintain a "lockstep" salary schedule based on years of service and educational attainment (as opposed to some unspecified measure of "performance") in setting wages. Unfortunately—and in our view, incorrectly—the authors do not refute this myth. Instead, they highlight several instances where a given union has embraced an alternative compensation "reform" scheme. In doing so they seem to reinforce the prevailing myth that unions' adherence to principles of salary equity is a bar to performance excellence.

A fifth myth is that it is more important that working conditions be improved than salaries. The reality is that working conditions *are* a significant concern, but not at the expense of salaries: both are critical. Teachers are often unable to leave their room to use the bathroom, use a telephone, sit down for lunch, or get to a working photocopier. Although not clearly stated by the authors, these basic workers' rights are necessary for teachers—not because of the noble work that they do but because all workers deserve a humane working environment and salaries commensurate with their work and responsibilities.

The sixth assumption is that teaching is mainly a second-income job filled by women supplementing family income; clearly an idea left over from the postwar era when families could survive on one income—family wage income supposedly provided by the male "head of the household"—and teaching was an almost exclusively female profession. Nevertheless, the antiquated idea that most teachers are comfortably part of a two-income household and can therefore be paid less remains a surprisingly commonly held opinion.

The seventh and last assumption is that the salaries of teachers are commensurate with other professions doing similar work. The authors, drawing parallels to other high-stress jobs such as emergency room workers and air-traffic controllers, accurately present the high demands

of teaching. However, they don't go far enough to illustrate that prevailing wages for other professionals of comparable education are uniformly higher than teaching wages.

Why are teachers' wages and working conditions important to society? The authors ask readers to consider the reality voiced by one community member that "teachers' working conditions are also the students learning conditions" and move beyond the myths that often distort the dialogue. They address the pervasive short-sightedness of people that can only talk about "at work" hours and that ignore the craft involved in educating young minds, and they counter the common misconceptions of those who so idealize teaching that pay is not acknowledged as a vital labor issue affecting the well-being, morale, and retention of high-quality teachers.

The consequences of the public's attitudes and the resulting effects on salary and working conditions are substantial. Many who enter the profession don't stay and thousands leave after only a few years of teaching. This high turnover and resulting low morale has a debilitating effect on those who stay. The school loses not only the talent of the teachers who have left but also the momentum on school change initiatives and ongoing professional development. Training and integrating new staff also drains the energy of the remaining veteran teachers.

Beyond just the empirical evidence of low wages, the fact is that teaching has largely retained a working-class status, despite it's professional standards and demands: Compensation is restrained—new teachers, burdened with college debt, often do not even make a "livable wage" by numerous state standards and must frequently hold down second jobs to avoid sinking into the abyss of poverty. Even the "career level" incomes of teachers are often lower than the entry-level salaries of other professions (they are perhaps half of the starting pay for corporate lawyers). Status and autonomy are low; teachers work within a highly traditional hierarchy in relation both to bargaining and the power structure of schools (principals, superintendents, school boards, and state and national governments). The very fact that teachers are maligned for their "easy" work schedule reflects an attitude that they are hourly workers, and that only their time "on the clock" should be compensated.

We wished the authors had provided a deeper historical analysis of *why* teaching has remained a uniquely working-class profession. Such an analysis might have started with the question: *Why are teachers one of the few professional groups that retain a largely working-class identity?* Given the fact that teaching has often served as the entry-level profession for immigrants, that it is largely female, and that it is the only "wholly owned profession" in the United States (where all holders of the professional license work in public settings), it seems that a particular

form of racism, sexism, and paternalism have combined over the decades to create an institutional barrier for teachers as a group. The many myths cited by the authors serve to hold this barrier in place, but do not reveal its true socioeconomic nature.

The most effective aspect of the book is the authors' allegiance to the stories and interviews that bring the art of teaching to vivid life, such as this quote: "There is no job like teaching...in which one person is responsible for not only the safety of, but the inspiration for, up to thirty-six individuals at once."

Throughout the book, the authors acknowledge the human act of teaching. It is this approach that is particularly refreshing. When they refer to the "thirty-six individuals" in a classroom they place the discussion of education as a humanistic, shared enterprise. They don't talk about "student-load" or "teacher-student ratio," as if education was an efficiency problem in a factory. They acknowledge the myriad of ways that a teacher is continually "on" and engaged with people in a room with thirty other human beings who need to know *what* and *how* to do their tasks. Tasks are devised and organized to generate learning of all kinds such as learning to read, analyze text, carry on a dialogue, listen, divide, etc. It is not so much about keeping thirty human beings occupied as keeping thirty human brains in a growth mode.

The authors rely on educational experts to affirm the data gathered in the interviews. Well-known leaders in the field such as Stanford University's Linda Darling-Hammond outline the complexity of the teacher's role and what qualifications are needed. She notes that a teacher must understand a student's thinking and group dynamics, and know how to handle a crisis as well as teach a kid to read. Technical skills and knowledge of one's subject are the focus of current No Child Left Behind (NCLB) highly qualified teacher requirements, but the artistry, moral fortitude, and vision required are seldom recognized. It should be added that increasingly these days, with the decline of many institutional supports in the wider society, teachers must also provide basic social services to students—lining children up to get glasses or to go to the dentist, counseling, helping them obtain the food they need, etc.

The powerful testimonies of teachers in this book cannot help but move readers. We see teachers demeaned, demoralized, and deprived. We see teachers driven by economic necessity to give up on their passionate commitment to kids. We sense the authors' own passion for a reordering of social priorities that would allow higher salaries for teachers, and thereby create stronger schools. But in their series of case studies where "everybody—teachers, union leaders, administrators and school board members agreed that salaries must be higher...worked together on a local level to find a solution," the authors give a somewhat

inadequate response to the serious structural problems they alluded to earlier and to the critical role teachers will play in this transformation.

They offer three case studies—in Denver, Helena, and the San Fernando Valley—as innovative responses to the salary crisis. To the credit of all these experimenting districts and the book's authors, these are serious attempts to rectify compensation problems and are, therefore, well-chosen illustrations. However, in our opinion, the authors overreach on several grounds. First, they attempt to elevate some fairly conventional contractual practices as though they were quite innovative. For example, Helena's provision of early retirement incentives to highly paid senior teachers is a rather common practice. They describe certain salary enhancements as tied to "performance" (a linkage the authors clearly support), when they are in fact tied to additional work. This, too, is a well-known principle in traditional teacher contracts. They describe purportedly unique self- and peer-evaluation processes that—for example in our home state of Vermont—are actually embedded in the statutory teacher licensure requirements.

In each of these examples, we discern the authors' efforts to distinguish "reform" solutions from traditional "union" approaches, as if to criticize—in much the way a right-wing critic might—the stultifying effects of union salary negotiations. They fail to recognize the constantly evolving nature of teacher contracts, and tend to align with anti-union critics on weak grounds. Another weakness of these case studies is that they rely on unique funding sources (private philanthropy or extraordinary tax levies) that are not universally available.

The authors do cite the importance of teacher collaboration and democratic practice as instrumental in transforming the culture and organization (including teachers' salaries) of schools. These efforts are noted in the case studies, but not presented as a central part of the solution. There is, unfortunately, a strong tradition of school reform done *to* and *for* teachers. In our opinion, any discussion of improving schools must include teachers and students as active participants. Professional learning communities, the inclusion of student voice, increased community dialogue, and the innovative restructuring of leadership are pockets of hope in today's bleak educational landscape. Although isolated, it is this progressive movement that carries the promise for school democratization.

Both within the authors' own terms, and those we refer to above, the issue is quite simply one of supporting teachers to do their job and paying them adequately to do so. The tragic irony of the U.S. educational system is that the answer is hidden in plain view. Teachers are constrained by low salaries, and the implications of this are artfully attested to in this book. But they are also constrained by schedules, expectations, and demands issued in hierarchal patterns of decision-

making. The realities and attitudes of the larger society hinder teachers and students from reaching their full potential and engaging in the critical decisions that need to be made in order to change schools. The question of teacher salary needs to be seen in this larger context.

Despite these criticisms, the importance of this book at the current historical moment should not be underestimated. The harsh imperative of privatization puts U.S. public education under dire threat, with vouchers, charter schools, spending caps, and the punitive impact of NCLB high-stakes testing only the most obvious weapons. A defense of public education must of necessity include a defense of the public profession of teaching and an expanded public understanding of what it means to teach.

MONTHLY REVIEW *Fifty Years Ago*

"Under the United States system, there can be no aggression," Mr. [Henry Cabot] Lodge told the United Nations Steering Committee [in February 1957]. We wonder where the Ambassador studied history.

Between 1790 and 1890, the United States took part in 110 Indian wars. These wars were, of course "purely defensive," but their net result was to drive the American Indian occupiers of the territory off from the good lands onto the bad lands, leaving the good lands for the conquering whites.

Between 1846 and 1848, the Washington government invaded the territory of Mexico and destroyed its army in a series of battles. At war's end Washington took from Mexico a large part of what is now Texas, Arizona, New Mexico, and California.

War, forced on Spain in 1898, netted the Washington government Cuba, Puerto Rico, and the Philippines.

During the war years 1916–1919, the armed forces of the United States invaded Mexico, Western Europe, and Russia.

United States armed forces invaded Korea in 1950. They still occupy South Korea.

From 1940 to 1957, the ruling oligarchy of the United States has done its best to usher in the American Century....

As a matter of historical fact, in terms of territory acquired, and economic and political policy dictated, the United States is the most successful aggressor of the past two centuries. This expansion and aggression have been carried on by negotiation and cash payment where possible, by force of arms where necessary.

—Scott Nearing, "World Events," *Monthly Review*, April 1957

Commentary from

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April 2007, Vol.58, No.11

An Independent Socialist Magazine Founded in 1949

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The U.S. economy in early March 2007 appears to be rapidly decelerating. Orders for durable goods in manufacturing dropped 8 percent in January and the manufacturing sector as a whole shrank during two of the last three months for which data is currently available (November–January), representing what is being called a "recession" in manufacturing, and raising the possibility of a more general economic downturn (*New York Times*, February 28, 2007).

What makes this contraction in manufacturing especially disturbing is that it is occurring at the same time as the bursting of the housing bubble, which has been the main stimulus to the economy over the last few years. "Seven years after the stock-market bubble busted," the *Wall Street Journal* (March 5, 2007) notes, "the troubles in the housing market look strikingly familiar. In fact, everything is going according to the textbook—the textbook in this case being Charles Kindleberger's 1978 classic, 'Manias, Panics, and Crashes.'" In Kindleberger's analysis speculative bubbles go through various stages, leading eventually to "revulsion"—and followed in the worst cases by selling panics and crashes. Says the *Wall Street Journal*: "Revulsion is where housing appears to be."

The biggest worry of business observers is that the housing bubble's burst will soon threaten consumer spending by decreasing the extent to which consumers can draw on equity in their homes at a time when consumer debt service ratios are rapidly rising and wages are stagnant, creating a severe consumer credit crunch. To say that financial markets

are jittery under these circumstances would be an understatement.

Such problems are in fact normal in today's economy due to the dual contradictions of stagnation and financialization (see the Review of the Month). The only rational response to this, we believe, is to begin organizing a genuine alternative to the capitalist status quo.

One of the intriguing aspects of Hugo Chávez's Bolivarian Revolution in Venezuela, in which he is attempting to promote a socialism for the twenty-first century, is his indefatigable search for new ideas and inspiration. We are pleased to say that *Monthly Review* and Monthly Review Press authors have been among those he has drawn upon. In September Chávez gave his extraordinary speech to the UN Generally Assembly in which he lauded the work of *MR* and MR Press author Noam Chomsky for his book *Hegemony or Survival* (see "Commentary from" Monthly Review, November 2006). More recently Chávez in January 2007 praised Albert Einstein for his article "Why Socialism" in *Monthly Review* (vol. 1, no. 1)—while the same (January 24, 2007) *New York Times* article that reported this also referred to Chávez's deep "admiration" for István Mészáros's *Beyond Capital* (Monthly Review Press, 1995).

On a couple of occasions—most recently in the context of his promotion of communal councils—Chávez has talked extensively on Venezuelan television (*Aló President*, April 9, 2006, and January 21, 2007) about Michael Lebowitz's book *Build it Now* (Monthly Review Press, 2006), commending both chapter 5 ("Socialism Doesn't Drop from the Sky") and chapter 7 ("The Revolution of Radical Needs"). As Chávez says, Lebowitz "reminds us of one of Karl Marx's theses, that socialism is built through practice, it has to be built through practice." Chávez also went on to quote a passage in Lebowitz's book referring to another celebrated *MR* author: "No one articulated better in the twentieth century the importance of developing new, socialist human beings than Che Guevara. He understood that if you try to build socialism with the help of the 'dull instruments left us by capitalism (the commodity as the economic cell, individual material interest as the lever, etc.),' the effect is to undermine the development of consciousness. To build the new society, he stressed, it is necessary, simultaneous with the new material foundations, to build the new man and the new woman" (p. 64).

For those wishing to learn more about the Venezuelan Revolution and Chávez we strongly recommend *Understanding the Venezuelan Revolution: Hugo Chávez Talks to Marta Harnecker* (Monthly Review Press, 2005). Important new contributions by both Mészáros and Lebowitz aimed at building socialism in the twenty-first century are to be found in the present issue.

(continued from inside back cover)

outweigh the relatively durable FDI, are inherently unstable and many possible changes in international capital markets—dominated by actors that exclude India—could quickly reduce or reverse the flow. Not only are FDI inflows far below foreign portfolio investment in India, but also are exceeded two-to-one by direct investments abroad by Indians.

Neoliberal ideologues continue to argue that weak FDI is due to *insufficient* 'reforms.' This is nonsense. Countries that adopted full neoliberal capital market 'reforms' such as Argentina and South Africa experienced, instead, devastating disinvestment. In the face of global overcapacity in monopolized manufactured commodities from automobiles to semiconductors, FDI almost as much as FII looks to the speculative quick return. Favored areas for FDI are therefore abusive raw material extraction—such as the Phulbari strip-mining scheme in Bangladesh—or SEZ real estate giveaways. FDI in infrastructure, by definition requiring a long perspective, is unavailable.

Now in principle there is nothing wrong in the state utilizing its resources to build the infrastructure that FDI shall never provide, indeed that is exactly the achievement of the Chinese revolution that made possible the current growth that has amazed the world. And, predictably, utilizing state resources—even when prostituted for private speculation—distresses the market fundamentalist ideologues who dominate the Indian business press, see, for example, Ashoak Upadhyay, " Foreign exchange reserves — Is the glass half full or half empty?" *The Hindu Business Line*, March 9, 2007. Yet we hope that Marxist observers will not be misled by the "investment in infrastructure" sugar coating of what is, at base, a vicious proposal.

In the proposed plan, a new for-profit company dominated by U.S. entities Citigroup and Blackstone shall invest forex borrowed from the RBI in bonds that yield more than U.S. treasury bills, the RBI's current forex investment vehicle. The company will then sell, backed by these assets, a 'credit wrap'—insurance against default—to private Indian corporations, lowering the cost of loans raised overseas to fund infrastructure projects. The motor of the entire project is a Government of India guarantee to the RBI. The value of this sovereign guarantee is then distributed in part at each level of the structure: the RBI receives for forex lent to the new company more than it now receives from U.S. treasury bills, the new company receives the difference between what it pays the RBI and what it receives on the higher-yielding (and therefore more speculative) bonds and also gets a fee for its (ultimately the Government of India's) guarantee against default, and the Indian capitalists receive external loans at lower cost, or even external loans they would never have otherwise received.

Despite the unnecessary complexity, this is no more than a seizure of public property for private speculation. The Government of India guarantee, were it to be directly given to loans for infrastructure projects would be of necessity accompanied by public determination of *which* loans would so qualify and by provision of criminal sanctions against fraud. Instead, a new company dominated by the U.S. lords of finance capital—who risk only a minimal

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reserves without the risk of monetary expansion. The Committee has suggested the establishment of two wholly-owned overseas subsidiaries of IIFCL with the following objectives:

(i) to borrow funds from the RBI and lend to Indian companies implementing infrastructure projects in India, or to co-finance their ECBs for such projects, solely for capital expenditure outside India; and

(ii) to borrow funds from the RBI, invest such funds in highly rated collateral securities, and provide 'credit wrap' insurance to infrastructure projects in India for raising resources in international markets.

The loans by RBI to these two subsidiary companies will be guaranteed by the Government of India and the RBI will be assured of a return higher than the average rate of return on its incremental investment. Government proposes to examine the legal and regulatory aspects of the recommendation, in consultation with RBI, in order to find an innovative method of enhancing the financial resources for infrastructure."

The essence of the scheme is the creation of a risk-free environment for private speculation—both for Indian and global imperialist capital—transferring risk, but no say in the process of the supposed "investment in infrastructure," to the only remotely democratic participant in the process, the Government of India.

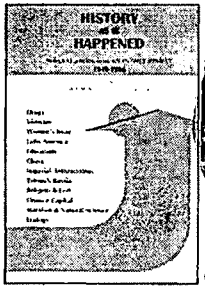
Next to (frequently spurious) claims of increases in growth rates, the most frequent claim for the supposed success of 'reforms' has been the increase in foreign exchange ("forex") reserves. This claim is belied by a corresponding trend in the first years of the 21st century all over the world. Massive increases have taken place in the forex reserves of many states, most spectacularly China, as ever far outpacing India. Argentina, bankrupted by neoliberal policies as of 2001, has posted enormous increases in forex reserves once the neoliberal regime was *rejected*. Cuba, with a planned economy and subject to a U.S. embargo, now has forex reserves on *a per capita* basis nearly twice that of India, where it had lagged India as recently as 2004. In short, India's improved forex reserve position is first and foremost a result of the *global* liquidity created by the vast U.S. current account deficits.

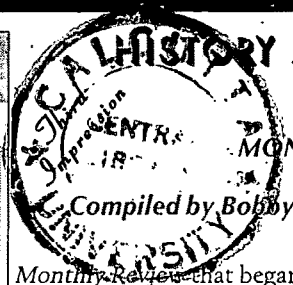
Nonetheless, some increases in forex reserves are more stable than others. In the Indian case, in addition to external commercial borrowings ("ECBs") by Indian firms, remittances and NRI deposits, foreign investment has made a substantial contribution—but primarily portfolio or foreign institutional investment (FII), not direct investment (FDI). The most stable source, a surplus in the balance of trade in goods and services, has not contributed at all—unlike the Russian, Argentine or Chinese cases. Since 1991 the Indian current account has been positive only in 2002-3 and the following year, and such gains as were made in those years have been wiped out since. Both NRI deposits and FII inflows, which together far

(continued on page 60)

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JOHN BELAMY FOSTER on Paul Baran's *The Political Economy of Growth* After 50 Years

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Venezuela: Who Could Have Imagined?
A review by DOUG DOWD

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Editorial

After some nine months of silence caused by a severe illness, President Fidel Castro Ruiz of Cuba made his first written intervention in public debate in "reflections" dated March 28, 2007. He followed with two further articles, one dated April 4th and the second on April 30th. His focus has been on biofuels, the proposed substitution of crops for fossil fuels (petroleum, coal and gas) to satisfy the growing demand for energy. The larger context is the global environmental crisis.

The March 28th "reflections" were occasioned by an AP report on a March 26th meeting between U.S. President Bush and the top executives of the three leading U.S. domestic car companies: General Motors, Ford and Daimler Chrysler. Bush inspected cars built to operate on biodiesel and ethanol, and urged the U.S. congress to "'move expeditiously' on legislation the administration recently proposed to require the use of 35 billion gallons of alternative fuels by 2017." Castro, shocked, noted that 35 billion gallons of ethanol derived from corn (the primary U.S. source) would require 40 million more tons of corn than the *entire* U.S. harvest in 2005. He went on to say:

> Let's be clear: 35 billion gallons translates into 35 followed by nine zeros! Afterwards will come beautiful examples of what experienced and well-organized U.S. farmers can achieve in terms of human productivity by hectare: corn converted into ethanol; the chaff from that corn converted into animal feed containing 26% protein; cattle dung used as raw material for gas production. Of

(continued on inside back cover)



The Imperialist World System

Paul Baran's Political Economy of Growth After Fifty Years

JOHN BELLAMY FOSTER

The concept of the imperialist world system in today's predominant sense of the extreme economic exploitation of periphery by center, creating a widening gap between rich and poor countries, was largely absent from the classical Marxist critique of capitalism. Rather this view had its genesis in the 1950s, especially with the publication fifty years ago of Paul Baran's *Political Economy of Growth*.[1] Baran's work helped inspire Marxist dependency and world system theories. But it was the new way of looking at imperialism that was the core of Baran's contribution. A half-century later it is important to ask: What was this new approach and how did it differ from then prevailing notions? What further changes in our understanding of imperialism are now necessary in response to changed historical conditions since the mid-twentieth century?

The classical Marxist approach to the worldwide spread of capitalist relations has often been characterized as a crude theory of linear stages of development. Such interpretations frequently turn on Marx's famous passage in the preface to the first edition of *Capital*, in which he sought to explain to his German readers that, although his analysis was based on conditions in Britain, the most developed capitalist country, it was fated to apply to Germany as well. Quoting the Roman poet Horace, Marx wrote: "*De te fabula narratur!* [The tale is told of you]....The country that is more developed industrially only shows, to the less developed, the image of its own future."[2] Marxists in the second and third internationals generally treated this as a universal law applying to all historical conditions.

However, Marx himself in other historical contexts was to point to divergent paths of development. In *Capital* he wrote that "a new and international division of labor springs up [under industrial capitalism], and it converts one part of the globe into a chiefly agricultural field of production for supplying the other part, which remains a pre-eminently

This article grew out of a talk delivered to the Institute for Research on World-Systems at the University of California at Riverside on March 16, 2007.

industrial field." In his writings of the 1860s and after he discussed what we would now call conditions of dependency imposed on nations such as Ireland and India. The 1882 preface to the Russian edition of *The Communist Manifesto* pictured world revolution as beginning in Russia, still a largely peripheral country. In his famous letters to Vera Zasulich Marx advanced the notion that a revolution based on the Russian peasant commune might side-step capitalism. Later Marxist theorists, most notably Lenin and Luxemburg, also acknowledged aspects of dependency and non-linear development in their analyses of imperialism. For example, Lenin referred in the case of Latin America to "dependent countries, which, politically, are independent but in fact are enmeshed in the net of financial and diplomatic dependence." But Marx's early followers stayed mostly within "the tale is told of you" mold. Once the chains of colonialism were broken, the former colonies, it was assumed, would be in a position to advance.[3]

Baran and Underdevelopment

The recognition that there was a much more fundamental problem of development—what we would now call the "development of underdevelopment"—was thus slow to emerge even amongst socialist thinkers. It is true that European countries had colonized much of the world in the early centuries of the capitalist era, but systematic, persistent discrepancies in economic development were not as evident as they would be later on. In 1830, in Marx's youth, the countries that make up what we now call the third world accounted for 60.9 percent of the world's industrial potential. By 1860, the decade in which Marx's *Capital* was written, this had fallen to 36.7 percent. By 1953, around the time Baran was writing *The Political Economy of Growth*, it had declined to a low of 6.5 percent. China's share of world industry fell from 33.3 percent in 1800 to 6.3 percent in 1900 and 2.3 percent in 1953. As historian David Christian has noted, "The twentieth century term *the third world* could have made no sense in 1750, when today's third world countries accounted for almost 75 percent of global industrial production. By the late twentieth century, they counted for less than 15 percent."[4]

Following the Second World War, new nations were rapidly emerging as a result of the breakdown of the colonial system. Under the pressure of the Cold War it became necessary for the leading capitalist states to promise development to these newly liberated countries. The 1949 Chinese revolution raised a major challenge to the imperialist system. A whole new industry of development economics and political-sociological modernization theory emerged replacing the old colonial civilizational discourse.

The best known mainstream work on development to be published in the early post-Second World War period was W. W. Rostow's *Stages of*

Economic Growth, significantly subtitled *A Non-Communist Manifesto*. Rostow described five stages that all countries had to pass through: (1) traditional society, (2) the preconditions for take-off, (3) the take-off, (4) the drive to maturity, and (5) the age of high mass consumption. The key stages in this process were of course the preconditions for take-off, during which the cultural and technological foundations for an industrial revolution were laid, and the take-off itself, which in Rostow's theory could be explained primarily by the sudden increase in savings from 5 percent to 10 percent.[5] The final result was not in question; the only real issue was when countries would pass through these various stages. The conditions allowing for a take-off could be speeded up, Rostow argued, through the diffusion of Western culture, know-how, and capital, overcoming legacies of economic and cultural stagnation.

Paul Baran's *Political Economy of Growth* challenged such dominant views, arguing that the way in which imperialism had penetrated underdeveloped countries had destroyed earlier social formations and distorted their subsequent development, creating lasting conditions of dependency. Underdeveloped countries in this argument were systematically subordinated to the developed countries in the international division of labor. Baran was not of course the first to make such arguments. Traces of such views could be found as we have seen in Marx and Lenin. The Peruvian Marxist José Carlos Mariátegui had developed ideas along these lines in the 1920s to explain the distorted capitalism of Peru beginning in its guano export period in the early nineteenth century, and the need for a revolution on indigenous-nationalist foundations.

The development of a fairly systematic liberal Latin American dependency theory can be traced to the work of Argentine economist Raúl Prebisch and the UN Economic Commission for Latin America in the late 1940s and early 1950s. Prebisch pointed to the external dependence of peripheral countries on the countries at the center of the world economy and on the systematic imbalances in trade that this produced. Underdeveloped countries were, in this view, bound to an international division of labor where they exported low-value primary commodities and imported high-value manufactured goods placing them at a structural disadvantage. Underdevelopment, it was argued, was not the same as original undevelopment, i.e., the mere absence of development. The 1955 Bandung Conference in Indonesia established the non-aligned movement, marking the emergence of a distinct third world view on imperialism and underdevelopment.

Baran brought to all of this a systematic Marxian critique aimed at the bourgeois economic ideology of development, but also departing from earlier preconceptions within Marxism. "The question that immediately arises," he stated, "is, why is it that in backward capitalist

countries there has been no advance along the lines of capitalist development that are familiar from the history of other capitalist countries, and why is it that forward movement there has been either slow or altogether absent?" In Asia, as well as Europe, pre-capitalist orders were already in "disintegration and decay" during the opening of the modern era. "The general *direction* of the movement [toward development] was everywhere the same." If it were not for the distorting effect of imperialism, Baran argued, along the same lines as Marx, "the country that is more developed industrially" would have shown "to the less developed the image of its own future."

Yet, the glaring fact was that the peoples and territories in the periphery had not advanced along the path of autonomous capitalist development. Baran's answer was that this result was "determined by the nature of Western European development itself....[by] the effects of Western European capitalist penetration of the outside world." This penetration was not everywhere the same. It took two forms: (1) the type of penetration associated with the European settler colonies of North America and Australia, which led to their autonomous development, and (2) the type that occurred in Latin America, Africa, and Asia, where there were larger, more populous, and often more developed indigenous cultures. In the latter the Western European countries "engaged in outright plunder or in plunder thinly veiled as trade, seizing and removing tremendous wealth from the places of their penetrations," leading to intercontinental resource flows that were enormously detrimental to the subject peoples. The economies of these "donor" countries fed the industrial revolution in Europe, while themselves being systematically underdeveloped. Immense obstacles to development were thus erected by the very nature of the capitalist expansion into the periphery and the emergence of a self-perpetuating, imperialist world system.[6]

The power of Baran's analysis arose from his introduction of the concept of economic surplus in order to counter the dominant ideological refrain that such factors as a lack of capital and know-how and excess population explained the poor economic performance of underdeveloped countries. Economic surplus was defined by Baran as the difference between output and consumption in a given economy. He introduced three concrete variants of the economic surplus concept: actual economic surplus, potential economic surplus, and planned economic surplus. The actual economic surplus was "the difference between society's actual current output and its actual current consumption." This was the surplus or savings as usually treated in economic theory. In underdeveloped countries the actual realized surplus in this sense was typically quite small, leading to notions of a shortage of capital, or a chronic lack of surplus (or savings) for investment.

In contrast, potential economic surplus was defined as "the difference between the output that *could* be produced in a given natural and technological environment with the help of employable productive resources and what might be regarded as essential consumption." The difference between actual and potential surplus left its statistical trace in: (1) society's excess consumption, (2) loss of output due to the existence of unproductive workers, (3) output lost due to "irrational and wasteful organization of the existing productive apparatus," and (4) loss of output due to open and disguised unemployment. The point was that while actual economic surplus in underdeveloped countries was usually small, the potential economic surplus that could be mobilized through a process of radical social reorganization was normally very large.

The concept of planned economic surplus was meant to apply to the quite different situation of socialism. It was defined as "the difference between society's 'optimum' output attainable in a historically given natural and technological environment under conditions of planned 'optimal' utilization of all available productive forces, and some chosen 'optimal' level of consumption." The planned surplus might be considerably smaller than the potential surplus since optimal output might be less than potential output and optimal consumption might be more than "essential consumption." Planned surplus was seen as encompassing a rational "scientific policy of conservation of human and natural resources."[7]

Baran acknowledged the great variance in conditions in the underdeveloped world. But he argued that there were common conditions that justified viewing these countries together at a high level of abstraction. The characteristics they shared were: (1) a history of imperialist penetration, (2) low per capita incomes and low levels of economic development, and (3) similar internal and external obstacles to development resulting from the history of colonialism/imperialism. Since all of these countries were far behind the advanced capitalist states, the goal of rapidly catching up required not simply an industrial take-off but economic growth rates of 8–10 percent per annum for extended periods, as opposed to the historical average of around 3 percent. Such growth rates had occurred before, with the United States reaching an 8.6 percent rate of growth in the second half of the 1880s, Russia 8 percent in the 1890s, Japan 8.6 between 1907 and 1913, and the Soviet Union credited with double digit rates of expansion in 1928–40. The principal question was therefore how to mobilize and rationally utilize surplus to achieve the goal of catching up with the advanced capitalist countries, as opposed to falling further behind as at present.

This framework led Baran to a consideration of the class and imperial environment of underdeveloped countries governing the use and misuse of society's potential surplus: what he called "the morphology of

backwardness." Here he concentrated on how his four major leakages to potential surplus were related to the dominant class (and intra-class) structure of underdeveloped societies, focusing on the role of (1) a semi-feudal landlord class, (2) the proliferation of mercantile interests and money lenders of all kinds, (3) the small, monopolistic industrial bourgeoisie that tended to be heavily dependent on foreign enterprise, (4) foreign capital, and the (5) state. The entire distorted class structure that emerged was prone to waste: luxury consumption by the wealthy coupled with loss of output and misallocation of surplus due to the irrational and wasteful organization of production and chronic unemployment/underemployment. The state apparatus was often distorted by these developments reflecting the parasitical class relations. "What results," he stated, "is a political and social coalition of wealthy compradors, powerful monopolists and large landowners dedicated to the defense of the existing feudal-mercantile order." The ruling elements in the underdeveloped countries tended to invest large parts of the surplus at their disposal abroad "as hedges against the depreciation of the domestic currency or as nest eggs assuring their owners of suitable retreats in the case of social and political upheavals at home." The mobilization of the surplus for new investment was thus typically blocked at every turn, leading to dismal economic performance and the expansion of poverty in a vicious circle. "Just as investment," Baran wrote, "tends to become self-propelling, so lack of investment tends to become self perpetuating."[8]

A crucial element was the disarticulated, outward orientation of the peripheral capitalist economies, which were geared to the requirements of foreign capital and the markets of the advanced capitalist countries more than to their own internal needs. This dependence took various forms, including: remittance of surplus abroad to foreign investors and reinvestment of some of the surplus by multinational corporations: "While there have been vast differences among underdeveloped countries," Baran wrote,

> with regard to the amounts of profits plowed back in their economies or withdrawn by foreign investors, the underdeveloped world as a whole has continually shipped a large part of its economic surplus to more advanced countries on account of interest and dividends. The worst of it is, however, that it is very hard to say what has been the greater evil as far as the economic development of underdeveloped countries is concerned: the removal of their economic surplus by foreign capital or its reinvestment by foreign enterprise.

Such reinvestment was normally directed at the export economy, organized around the export of raw or semi-processed agricultural

products, minerals, and other primary commodities—and tended to weaken rather than strengthen the internal development linkages of the underdeveloped country thus impeding any possible "investment snowball effect."

Although the rate of exploitation in certain sectors of third world economies was very high, this was predicated on low wages and very high unemployment and underemployment, which meant that the internal market within the economy was virtually non-existent. The typical underdeveloped country was constituted as "an appendage of the 'internal market' of Western capitalism," blocking the rational allocation or even retention of the economic surplus produced. Rapacious imperialism, moreover, robbed the land of the conditions of its reproduction on a scale exceeding the ecological destruction wrought by the advanced capitalist nations on their own environments—disregarding nature's "lasting assets" in the pursuit of mere accumulation of capital.

The dialectic of imperialism and underdevelopment was most obvious in the case of major third world resource-exporting countries. Baran closely analyzed the case of Venezuela, including the U.S.-supported coup in 1948 after a decade in which the surplus produced from oil revenues had been diverted increasingly to economic and social development. "Under the reign of the present companies-supported dictatorship," he wrote, "what is spent on economic development is considerably less than what is at its disposal, and the purposes of such spending are determined not by the best interests of the Venezuelan people but by the requirements of foreign capital."[9]

Those third world countries that sought to break out of this trap through the growth of an oppositional state apparatus aimed at mobilizing the potential surplus for development either on democratic or authoritarian lines were faced with direct or indirect intervention by the United States and other center capitalist states. Thus the United States, acting in the interests of the imperialist bloc frequently intervened militarily (by overt or covert means) to stop development. Moreover, it did so, Baran pointed out, whether the challenges came from democratic movements/states (such as Venezuela, Guatemala, and British Guiana), indigenous popular struggles (such as Kenya, the Philippines, and Indochina), or nationalist-authoritarian governments (such as Iran, Egypt, and Argentina). "Operation Killer" thus reinforced "Operation Strangle" in keeping the underdeveloped countries in their place. The huge waste on military expenditures in underdeveloped countries was part of the imperialist control system, aimed at facilitating comprador regimes and targeting internal populations rather than external dangers. "The tragedy of the situation," Baran wrote,

> has the dimensions of a Greek drama. In Hitler's extermination camps the victims were forced to dig their own graves before

> being massacred by their Nazi torturers. In the underdeveloped countries of the 'free world,' peoples are forced to use a large share of what would enable them to emerge from the present state of squalor and disease to maintain mercenaries whose function it is to provide cannon fodder for their imperialist overlords and to support regimes perpetuating this very state of squalor and disease.

Baran did consider the possibility that certain states might be able to develop along either the authoritarian-statist lines mapped out by the Japanese Meiji state (here he considered Nasser's Egypt to be a possible candidate) or along the lines of a democratic socialist commonwealth (here he pointed to the possibility of Nehru's India developing—if it could mobilize its surplus along lines that broke with strict capitalist dependency). But the chances of either of these paths being successful and unleashing rapid economic growth in the near future were far from good. The reason was that the system as a whole worked against such possibilities: "The main task of imperialism in our time," he wrote, was "to prevent, or, if that is impossible, to slow down and control the economic development of the underdeveloped countries." Such slowing down and controlling meant that these countries were to be kept in the capitalist fold and to remain, to whatever extent possible, subject to imperialist levels of exploitation and domination.

Baran therefore pointed to the pressing need for more revolutionary responses. "In the underdeveloped countries," he wrote,

> the gap between the actual and the possible is glaring, and its implications are catastrophic. There the difference is...between abysmal squalor and decent existence, between the misery of hopelessness and the exhilaration of progress, between life and death for hundreds of millions of people....The establishment of a socialist planned economy is an essential, indeed indispensable, condition for the attainment of economic and social progress in underdeveloped countries.

In this respect he pointed to the example of China, which in dropping "out of the orbit of world capitalism" had become a source of "encouragement and inspiration to all other colonial and dependent countries."[10]

The Political Economy of Growth was enormously influential and helped engender an explosion of work in Marxian and radical dependency analysis in Latin America, which was inspired much more concretely by the Cuban revolution of 1959. Baran visited Cuba in 1960 along with Leo Huberman and Paul Sweezy and met Che Guevara who was then president of the National Bank. Che associated himself closely with Baran's general analysis of underdevelopment.[11] Some of the main Latin American and Caribbean contributors to dependency analysis included Theotonio Dos

Santos, Fernando Henrique Cardoso, Pablo González Casanova, Ruy Mauro Marini, Walter Rodney, Clive Thomas, and Eduardo Galeano. Coming from the United States, Andre Gunder Frank made an enormous impact beginning with the publication forty years ago of *Capitalism and Underdevelopment in Latin America*, which highlighted the "development of underdevelopment." In Africa, Samir Amin introduced a critique of mainstream development analysis in his 1957 doctoral dissertation (completed in the same year as Baran's book was published) and released later under the title *Accumulation on a World Scale*.[12] He subsequently contributed massively to dependency and world system analysis. In India, major contributors to this broad perspective included Ashok Mitra and Amiya Kumar Bagchi. Much of Marxist dependency theory later blended with world system analyses as pioneered by Oliver Cox and Immanuel Wallerstein.

Although the dependency approach was often reduced to a straw argument and heavily criticized by both mainstream development theorists and traditionalist Marxists, and no less frequently pronounced dead, the deeper "third-worldist" critique of imperialism that Baran and others introduced has persisted into our own time.

The original criticisms of the dependency approach in the 1970s pointed to the "economic miracles" in Brazil, Mexico, and East Asia. In Brazil, Cardoso, who presented what was often viewed as a more nuanced argument on "dependent-associated development," characterized dependency theory of the type presented by Baran and Frank as "a kind of constant reproduction of underdevelopment." In contrast to this, Cardoso took the position that the penetration of "industrial-financial capital accelerates the production of relative surplus value; intensifies the productive forces...producing...an effect similar to capitalism in the advanced countries, where unemployment and absorption, wealth and misery coexist." (Cardoso later moved to the right, becoming Brazilian finance minister in 1993-94 and president of Brazil from 1995-2002, during which he promoted neoliberal policies.)[13]

For a while in the 1970s, the dependency approach appeared to some to have been decisively refuted by economic development. Then when import substitution industrialization, inspired by the liberal current of dependency, was judged a failure in the 1980s, dependency theory was seen as having failed on that count as well. Meanwhile, numerous revolutions were defeated, thereby suggesting that delinking from the system, as often propounded by radical dependency analysis, was virtually impossible in this period. Neoliberal ideology became hegemonic with the reemergence of stagnation in the overall world economy and the upsurge in financialization beginning in the 1970s, thereby displacing radical views.

The New Imperial Gap

Yet, despite the ideological turning away from the dependency approach, the general critique of the imperialist world system for its systematic and sustained exploitation of nations at the bottom of the global hierarchy that Baran and others introduced received strong support from the historical process. If the immediate post-Second World War growth period seemed for a short time to be a rising tide that lifted all boats this was clearly no longer the case in the late 1970s and after. The third world debt crisis suddenly emerged full-blown in the early 1980s, as the crisis in the advanced capitalist world led to a sharp rise in real interest rates in the United States, with disastrous effects for the debt-dependent countries of the global South. The 1980s were to be a "lost decade" for Latin American development. African economies plummeted and failed to recover.

Rapid development continued in parts of East Asia, particularly in seven countries and city-states (China, Taiwan, South Korea, Hong Kong, Singapore, Malaysia, and Thailand) that collectively averaged a 5 percent rate of growth from 1973–99. These economies speeded up in this period while the world economy as a whole was slowing down. All of these high growth states were able to mobilize potential economic surplus and thus initiate high levels of investment. But these were nations that for the most part deviated considerably from a market-determined path of capitalist development and managed to create more statist models of development—in the case of China arising from a revolution, and in the cases of South Korea and Taiwan as a result to a considerable extent of their special positions as front-line states in the geopolitical containment of China, crucial to U.S. imperial hegemony over the Pacific Rim.

Both Taiwan and South Korea were states that were divided off in the Cold War era from parts of their earlier selves (the former cut off from mainland China, the latter from North Korea) and thus took on unique geopolitical roles. Both benefited from the stimulus provided by U.S. orders during the Vietnam War. South Korea adopted an economic model similar to Japan's, which had earlier colonized it, forging close connections between the state and monopolistic conglomerates. Hong Kong and Singapore were both strategically placed city states engaged in entrepôt trade.

In Asia a new growth pole thus began to emerge, breaking, although not entirely, with the conditions of peripheral status in the world economy. A more recent economic contender is India, which achieved an economic growth rate of more than 3 percent per capita for the first time in the 1990s, but which still exhibits chronic conditions of underdevelopment.[14]

As East Asian economies increasingly opened up in the 1980s and

1990s to the imperialist system of finance centered in the advanced capitalist countries, they found that they too could be vulnerable to conditions of financial dependency, as manifested in the Asian financial crisis of 1997-98, which presented major setbacks for Malaysia and Thailand in particular.[15]

The sad truth is that, despite some limited successes, fifty years after the publication of Baran's landmark *Political Economy of Growth* the overall center-periphery gap within the world economy has not narrowed but has widened. As World Bank economist Branko Milanovic has explained: "the hierarchy of the [world] regions [has] stayed about the same since the time of Adam Smith, but income differences among them [have] widened." Looked at from a two century standpoint, the rich capitalist countries have "been able to pull ahead of the rest, and in only a few exceptional cases have non-Western countries been able to catch up." In 1820 the richest and poorest countries were separated by a per capita GDP differential of at most 3:1 (2:1 in Paul Bairoch's estimate), by 1992 this had risen to 72:1.

The most notable fact of world development over the last quarter-century, as Milanovic puts it, has been the reinforcement of "the position of the West as the club of the rich." While "the hope of non-Western countries catching up has effectively been dashed" over this same period. The only countries to rise from underdevelopment to rich or near-rich status, judged in terms of per capita income, between 1960 and the end of the century were South Korea and Taiwan, and the two city-states, Hong Kong and Singapore. If in the "golden age" of monopoly capitalism the gap in per capita income between the richest and poorest regions of the world fell from 15:1 to 13:1, by the end of the twentieth century the gap had widened again to 19:1. The period since the 1960s has seen a vast "purge" of most non-Western European, North American, and rich Oceanic (WENAO) countries from the position of contenders to riches, creating "a downwardly mobile world." This has been accompanied by a vast swelling of the "fourth world": those countries that under present conditions have no real hope for development.[16]

There can be no doubt that this widening gap between center and periphery is a product of the dynamics of the imperialist world system as a whole. In accounting for this Amin has referred to "five monopolies" retained by the center even in the context of a limited globalization of production: (1) technological monopoly, (2) monopolistic control of worldwide financial markets, (3) monopolistic access to the planet's natural resources, (4) media and communication monopolies, and (5) monopolies over weapons of mass destruction and other advanced means of destruction. Added to this is the power exercised by the states in the advanced capitalist world both directly and indirectly through the intermediary triad of the IMF, the World Bank, and the WTO. Capitalist

globalization has further eroded the possibility of autocentric nation-state development, creating increased dependence of underdeveloped countries on the world market and even more so on world finance, which is dominated by the vested nations. As in Baran's day, most third world economies are heavily dependent on the export of primary commodities. In Latin America such primary commodities account for the majority of exports for nearly all countries. The disarticulation of peripheral economies has thus continued into the present.[17]

The laws of motion of capitalism emanate primarily from the center of the system, around which the satellites orbit. In the 1970s the growth rates of both the advanced capitalist economies and of the world economy as whole slowed, producing a "leaden age," replacing the golden age that had preceded it.[18] As Baran and Paul Sweezy argued in *Monopoly Capital,* the advanced capitalist economy had a tendency toward stagnation staved off only by means of military spending, the sales effort, and the growth of finance (together with such contingent historical factors as the high level of consumer liquidity after the Second World War, the need to rebuild the European and Japanese economies, and the second wave of automobilization in the United States). The various stimulating factors, however, waned by the early 1970s and the per capita annual growth rate in the advanced capitalist nations dropped precipitously from 3.7 percent in 1950–73 to 2 percent in 1973–98. The reemergence of stagnation, marked by a shortage of profitable outlets for the massive investment-seeking surplus, fed the financialization of the advanced capitalist and world economies. Lacking investment opportunities in the "real" economy, money capital sought out speculative, financial outlets.[19]

The shift in gravity of capitalism toward accumulation of financial assets and speculation in the 1980s and '90s became the central phenomenon in the growth of neoliberal globalization, requiring an even more intensive system of world exploitation and enormously complicating the developmental problems of third world countries. Underdeveloped nations were forced to restructure their economies toward greater inequality, which did not however produce the promised growth. The goal of the neoliberal regime, it soon became clear, was not to generate development so much as to create "emerging market economies" that would enhance the accumulation of assets within global centers. The result has been acceleration of the flow of economic surplus from poor to rich countries. As reported in the *New York Times* (March 25, 2007), "According to the United Nations, in 2006 the net transfer of capital from poorer countries to rich ones was $784 billion, up from $229 billion in 2002....Even the poorest countries, like those in sub-Saharan Africa, are now money exporters" to the rich countries.[20]

The onset of stagnation also coincided with the decline of U.S.

hegemony as the United States lost some of its previous productive edge and was no longer in a position to dominate world manufacturing. In response to this challenge and taking advantage of the geopolitical vacuum left by the demise of the Soviet Union, Washington has sought to restore and expand its power by military means, intervening more aggressively in the third world and in areas formerly within or on the borders of the Soviet sphere of influence. Although as recently as 2000 Michael Hardt and Antonio Negri described the Vietnam War in their book *Empire* as the last imperialist war, this is clearly refuted today with the U.S. war machine engaged in Afghanistan and Iraq and expanding its operations in all three continents of the periphery. A key motivation in the current aggressive U.S. grand strategy is to gain control over vital strategic resources (particularly petroleum) in an age of growing resource scarcity.[21]

Of You the Tale Is Not Told

The consequence of all of this has been renewed revolt in the third world. Attempts by the imperialist war machine to control Iraq have generated fierce resistance from nationalist and religious forces. Latin America is now the site of serious attempts to define alternative socialist paths, particularly in Venezuela and Bolivia, and in a resurgent Cuban socialism. South Africa has seen an upsurge of popular resistance to what is viewed as economic and ecological (if no longer political) apartheid. In Nepal a peasant revolution aimed at democratization and popular control offers new hope to a people caught in a condition that combines semi-feudal rule and imperialist economic, political, and military penetration. The global justice (antiglobalization) movement has continued to grow worldwide. Everywhere the regime of neoliberal capitalism is under attack.

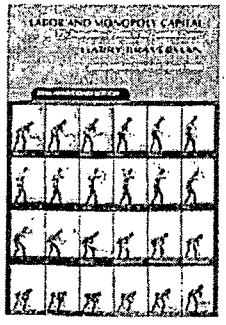
The answer to imperialism, and beyond that to capitalism, Baran emphasized, was to be found not simply in seizing and mobilizing potential economic surplus. Indeed, the point was not so much to exploit the differential between *essential* consumption and *potential* output in order to catch up with the advanced capitalist countries. Rather the real radical goal was to break with production for production's sake (or surplus for surplus's sake) and to organize a society geared to optimum consumption and optimum output in accordance with genuine human needs: a society in which the surplus and its utilization were democratically planned. It was this notion, embodied in his concept of planned surplus, that was Baran's core message: the possibility of building a rational, egalitarian, and sustainable society geared to the optimal fulfillment of genuine human needs. In any such endeavor mistakes would be made. "What is decisive, however, is that irrationality will henceforth not be—as it is under capitalism—*inherent* in the

structure of society." Like Marx in his general critique of capitalism, Baran insisted in the end: Of you the tale is not told. A realm of freedom of action (*le libre arbitre*) always existed: the potential for renewed struggle for human liberation.[22]

Notes

1. Paul A. Baran, *The Political Economy of Growth* (New York: Monthly Review Press, 1957).
2. Karl Marx, *Capital*, vol. 1 (New York: Vintage, 1976), 90. In referring to "The tale is told of you" Marx was quoting from Horace's *Satires*, Bk I, Satire 1, in which Horace, influenced by Epicurus, had written a critique of the amassing of wealth. For those of his readers who failed to see themselves in this portrait of greed he wrote: "Change the name, and the tale is told of you!"
3. Marx, *Capital*, vol. 1, 579–80; V. I. Lenin, *Imperialism, the Highest Stage of Capitalism* (New York: International Publishers, 1939), 85; Kenzo Mohri, "Marx and Underdevelopment," *Monthly Review* 30, no. 3 (April 1979): 32–42; Sunti Kumar Ghosh, "Marx on India," *Monthly Review* 35, no. 8 (January 1984): 39–53; Teodor Shanin, ed., *Late Marx and the Russian Road* (New York: Monthly Review Press, 1983).
4. David Christian, *Maps of Time* (Berkeley: University of California Press, 2004), 406–09, 435; Paul Bairoch, "The Main Trends in National Economic Disparities Since the Industrial Revolution," in Bairoch and Maurice Lévy-Leboyer, eds., *Disparities in Economic Development Since the Industrial Revolution* (New York: St. Martin's Press, 1981), 7–8.
5. Walt Rostow, *The Stages of Economic Growth: A Non-Communist Manifesto* (Cambridge: Cambridge University Press, 1961), 39. See also Paul Baran, *The Longer View* (New York: Monthly Review Press, 1969), 52–67.
6. Baran, *Political Economy of Growth*, 136–43.
7. Baran, *Political Economy of Growth*, 22–43.
8. Baran, *Political Economy of Growth*, xxix, 280–81, 175–77, 195.
9. Baran, *Political Economy of Growth*, 174, 184–87, 211–14.
10. Baran, *Political Economy of Growth*, 10, 12, 197, 219–26, 249–51, 258–61.
11. See the 1964 comments by Che, then minister of industries, and of the theoretical organ of his ministry in Leo Huberman and Paul M. Sweezy, *Paul Baran: A Collective Portrait* (New York: Monthly Review Press, 1965), 107–08.
12. Andre Gunder Frank, *Capitalism and Underdevelopment in Latin America* (New York: Monthly Review Press, 1967); Samir Amin, *Accumulation on a World Scale* (New York: Monthly Review Press, 1974); Eduardo Galeano, *Open Veins of Latin America* (New York: Monthly Review Press, 1973).
13. Fernando Henrique Cardoso, "The Consumption of Dependency Theory in the United States," *Latin American Research Review* 12, no. 3 (1977): 19–20.
14. Angus Maddison, *The World Economy: A Millennial Perspective* (Paris: Development Centre, OECD, 2001), 142–49.
15. See B. N. Ghosh, "Globalization, Capital Inflows, and Financial Crises," in Ghosh & Halil M. Guven, eds., *Globalization and the Third World: A Study of Negative Consequences* (New York: Palgrave Macmillan, 2006), 182–99.

16. Branko Milanovic, *World's Apart: Measuring International and Global Inequality* (Princeton: Princeton University Press, 2005), 40–50, 61–81, 199; Maddison, *World Economy*, 125; Samir Amin, *The Empire of Chaos* (New York: Monthly Review Press, 1992), 92–93; Duncan Green, *Faces of Latin America* (New York: Monthly Review Press, 2006), 23. The term "third world" is still used to describe underdeveloped countries in general. In this sense "fourth world" is usually taken to mean the very poorest countries of the third world.
17. Samir Amin, *Capitalism in the Age of Globalization* (London: Zed, 1997),3–5.
18. The contrast between a high accumulation "golden age" and a low accumulation "leaden age" was introduced in Joan Robinson, *Essays in the Theory of Economic Growth* (New York: St. Martin's Press, 1962).
19. Maddison, *World Economy*, 129; Paul A. Baran and Paul M. Sweezy, *Monopoly Capital* (New York: Monthly Review Press, 1966); John Bellamy Foster, "Monopoly-Finance Capital," *Monthly Review* 58, no. 7 (December 2006): 1–14.
20. Tina Rosenberg, "Reverse Foreign Aid," *New York Times Magazine* (March 25, 2007): 16–19.
21. See John Bellamy Foster, *Naked Imperialism* (New York: Monthly Review Press, 2006), 31–38.
22. Baran, *Political Economy of Growth*, 299; compare Milanovic, *Worlds Apart*, 148.



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China, Capitalist Accumulation, and Labor

MARTIN HART-LANDSBERG AND PAUL BURKETT

Most economists continue to celebrate China as one of the most successful developing countries in modern times. We, however, are highly critical of the Chinese growth experience. China's growth has been driven by the intensified exploitation of the country's farmers and workers, who have been systematically dispossessed through the break-up of the communes, the resultant collapse of health and education services, and massive state-enterprise layoffs, to name just the most important "reforms." With resources increasingly being restructured in and by transnational corporations largely for the purpose of satisfying external market demands, China's foreign-driven, export-led growth strategy has undermined the state's capacity to plan and direct economic activity. Moreover, in a world of competitive struggle among countries for both foreign direct investment and export markets, China's gains have been organically linked to development setbacks in other countries. Finally, China's growth has become increasingly dependent not only on foreign capital but also on the unsustainable trade deficits of the United States. In short, the accumulation dynamics underlying China's growth are generating serious national and international imbalances that are bound to require correction at considerable social cost for working people in China and the rest of the world.[1]

Significantly, many on the left (including those who acknowledge that China is now predominately a capitalist country) find these criticisms of the Chinese experience largely beside the point. They see China as a viable and praiseworthy example of economic modernization.[2] For them,

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Paul Burkett teaches economics at Indiana State University in Terre Haute and is the author of *Marx and Nature: A Red and Green Perspective* (St. Martin's Press, 1999) and *Marxism and Ecological Economics* (Brill, 2006).

They are coauthors of *China and Socialism: Market Reforms and Class Struggle* (Monthly Review Press, 2005) and *Development, Crisis, and Class Struggle: Learning from Japan and East Asia* (St. Martin Press, 2000).

the relevant counterpoint to China's economic achievements is the long-run development crises experienced by countries in Africa and Latin America. These countries have failed to develop the productive forces necessary to generate significant long-term job opportunities in the "formal labor market," with the result that the overwhelming majority of workers in Africa and Latin America are forced to eke out an existence in the relatively unregulated and non-institutionalized "informal sector" or in subsistence (or below-subsistence) agriculture. In contrast, China, with its dynamic industrial development and manufacturing export activity, is assumed to have made great strides toward overcoming such problems.

Although this assumption about the progressive nature of Chinese growth and employment creation seems beyond challenge, unfortunately it is false. In fact, the labor market outlook in China (and in the East Asian countries that are most closely integrated with China) is rapidly approaching a crisis situation similar to that found in much of Africa and Latin America. And this is not because capitalism has ceased to be a dynamic mode of production. Far from it: the emerging employment crisis is a direct outcome of transnational capital's dynamic shaping and integration of China and a number of other East Asian countries into a regional system of export-oriented production.

Regrettably, the celebration of these countries as development successes has led many on the left to defend the position that (properly regulated) capitalism remains a historically progressive mode of production. But this ignores the possibility that the basic dynamics of contemporary capitalism *themselves* constitute the main barrier to sustained improvements in working and living conditions on national, regional, and global levels. Demonstrating that workers in China and throughout East Asia are increasingly suffering the very same labor outcomes as workers in Latin America and Africa offers a powerful argument against current celebratory accounts of the China–East Asia system.

China's Economic Transformation

Beginning in 1978, the Chinese state launched a reform program that has produced an impressive growth record. According to the International Labor Organization, "Between 1990 and 2002, GDP per capita grew at a rate of 8.3 percent per annum. This phenomenal growth was driven by an industrial revolution that has made China a manufacturing powerhouse."[3]

Underlying this program was a set of state policies that has, over time, led to the privileging of market forces over planning, private production over state production, and foreign enterprises and markets over domestic ones. One consequence is that Chinese economic activity

has become increasingly dominated by transnational corporations. For example, the share of foreign manufacturers in China's total manufacturing sales grew from 2.3 percent in 1990 to 31.3 percent in 2000. From 1998 to 2003, the share of industrial value added produced by state enterprises in the non-resource based industrial sector fell from 17.3 percent to 6.7 percent, while the share accounted for by foreign enterprises rose from 11.4 percent to 17.1 percent.[4]

Another consequence is that China's economic growth has become increasingly dependent on foreign produced exports. Approximately 46 percent of foreign manufacturing production is exported, compared with only 16 percent for domestically owned manufacturing firms. Foreign firms now dominate China's export activity; their share of China's exports grew from 2 percent in 1985, to 30 percent in 1995, and 57 percent in 2004. As a result of these trends, the ratio of exports to GDP has steadily climbed from 16 percent in 1990 to 36 percent in 2003.[5]

Numerous studies have found that the contribution made by transnational corporations to China's growth is substantial and increasing over time. For example, an analysis published by the National Bureau of Economic Research concluded that approximately 30 percent of China's growth over the period 1995–2004 was due to transnational corporate activity, with the foreign contribution rising to over 40 percent in 2003 and 2004.[6]

In terms of expenditure categories, the two main drivers of Chinese growth are exports and fixed investment—with much of the investment undertaken in support of export activity. Stephen S. Roach (managing director and chief economist of Morgan Stanley) estimates that investment and exports account for approximately 80 percent of Chinese GDP.[7] As table 1 shows, the growing importance of gross capital formation and net exports has come largely at the expense of private (household) consumption, which fell as a share of GDP from 51.1 percent in 1988 to 38.9 percent in 2005.

This focus on export-oriented capital accumulation highlights China's growing external dependence. China's exports are largely directed toward the U.S. market. According to one analyst, if one includes goods that are re-exported from other countries (especially Hong Kong), China's exports to the United States account for about half of its total exports. "Thus export growth is largely determined by the growth of US demand. Because almost all of China's exports are consumer goods, personal consumption demand in the US drives China's export growth."[8]

Moreover, even China's fixed investment is heavily dependent on external forces. Foreign direct investment is one of the main determinants of investment in the country's manufacturing sector. It also strongly influences Chinese spending on "domestic infrastructure, such as power generation, ports, and road and rail transport, which is critical

to expanding manufacturing and export capacity. Finally, external demand also influences China's domestic investment in real estate, which is necessary in securing locations for new manufacturing and power plants, as well as housing for employees." According to one estimate, "external demand directly and indirectly drives about 65% of all domestic investment in China."[9]

Supporters of China's growth strategy tend to minimize the significance of the country's reliance on foreign investment and exporting. Rather, they emphasize that China's reform strategy has enabled the

Table 1. Structure of demand, percent of GDP at current prices

	1988	1990	1995	2001	2002	2003	2004	2005
Private consumption	51.1	49.1	46.1	47.2	46.5	44.9	46.6	38.9
Government consumption	11.6	12.1	11.4	13.4	13.2	12.6	16.9	14.2
Gross domestic capital formation	36.8	34.7	40.8	38.5	40.2	43.9	50.5	44.1
Net exports of goods and services	-1.0	2.7	1.7	2.3	2.7	2.3	3.0	4.6

Source: People's Republic of China, Key Indicators of Developing Asian and Pacific Countries, Asian Development Bank, updated July 21, 2006, http://www.adb.org.

country to steadily upgrade the sophistication of its industrial activities, thereby demonstrating that the country is indeed making major strides towards development. One of the most commonly used measures of this progress is China's growth as a producer and exporter of electronics and information technology goods. In fact, "After almost a decade of explosive growth in its electronics sector, China has overtaken the United States as the world's biggest supplier of information technology goods, according to a report by the Organization for Economic Cooperation and Development." These exports now account for more than 28 percent of total Chinese exports.[10]

Although impressive, this accomplishment is misleading as a measure of China's national technological development. One reason is that China's electronic and information technology products are generally of lower technological sophistication. For example, China's main high-technology exports are in consumer electronics, office equipment and computers, and communications equipment. Within these categories, China's leading products are DVD players, notebook computers, and mobile telephones, respectively. As two leading China observers, Lee Branstetter and Nicholas Lardy, point out, "Each of these is a high volume, commodity product sold primarily by mass merchandisers of electronic

products....The huge volumes and low unit costs of these products undermine the argument that these are high-tech products."[11]

Perhaps more revealing of China's ongoing foreign technological dependence is the fact that China, as Branstetter and Lardy note, "does not in any real sense manufacture...[high-technology] goods. Rather it assembles them from imported parts and components. For example, domestic value-added accounts for only 15 percent of the value of exported electronic and information technology products. All the rest is import content. In short, for many of these products it is doubtful that China is supplying anything but the labor required to produce these goods."[12]

Finally, not only is China's high-technology production dependent on imported technology, it is largely carried out by foreign-invested firms (most of which are wholly foreign owned). For example, in 2003, foreign-invested firms accounted for approximately 90 percent of China's exports of computers, components, and peripherals and 75 percent of its exports of electronics and telecommunications equipment. Not only do foreign firms dominate China's high-technology export activity, they are also coming to dominate China's domestic markets. For example, between 1998 and 2002, foreign firms increased their share of total domestic high-tech sales from 32 percent to 45 percent.[13]

Moreover, the foreign domination of this sector continues to grow. According to China's Ministry of Information Industry, the percentage of foreign ventures in China's electronic information industry rose from 58.7 percent in 2000 to 77.4 percent in 2005. And, in the first two months of 2006, these foreign firms were responsible for 86.9 percent of China's total exported electronic products.[14]

Although committed to a program that has emphasized market liberalization and reliance on foreign capital, the Chinese state simultaneously tried to promote a few "national champions" in an attempt to ensure the establishment of a domestically rooted industrial base. Among the most important are: Huawei (which produces telecommunications equipment), Haier (consumer appliances), Lenovo (computers), TCL (televisions), and Baosteel (steel).

However, despite the fact that many of these companies have grown quite large, few have succeeded in becoming internationally competitive or profitable. In addition, these leading firms have done little to advance national interests in terms of technological development. Most continue to rely on imported foreign equipment to stay competitive and spend little on indigenizing their purchased technology. They have also done little to support the development of national technology supply networks. In fact, "China's best firms are among the least connected to domestic suppliers: for every $100 that state-owned electronics and telecom firms spend on technology imports, they spend only $1.20 on similar domestic

goods."[15]

Unfortunately for Chinese planners, the reasons for such failures are largely found in the very logic of the country's economic reform strategy—specifically its direct and heavy reliance on transnational corporations. In this regard, the Chinese growth strategy has differed greatly from that employed by Japan, South Korea, and Taiwan. As a Brookings Institute economist observes, those countries "relied almost exclusively on domestic firms to manufacture and to export commodities; China has largely relied on FIEs [foreign invested enterprises] to produce exports, and virtually no domestic Chinese companies control significant export networks." *The Economist* adds that because "the central government has allowed foreign companies into China at a much earlier stage of its development...these [firms] now control the bulk of the country's industrial exports, have increasingly strong positions in its domestic markets and retain ownership of almost all technology."[16]

In sum, China's post-reform policies have produced an economy that is increasingly dominated by foreign capital and foreign produced exports. This development has undermined the state's capacity to plan and direct economic activity. It has also greatly increased the economy's dependence on the ability of the United States to sustain ever greater trade deficits.

The East Asian Transnational Production Network

East Asian economies are also going through a major transformation, one that has largely proceeded in concert with China's restructuring. Most economists view this development positively, crediting China's import dependent growth for generating ever expanding markets and new production possibilities for the other countries in the region. However, this framing masks the real nature of the transformation. In reality, China's post-reform economic activity and the resulting economic restructuring of other East Asian countries cannot be adequately understood in national or even *inter*national terms. Rather, East Asian economies, including China, are being linked and collectively reshaped by broader transnational capitalist dynamics, in particular by the establishment and intensification of cross-border production networks by transnational corporations.

As part of this transformation, all East Asian economies have become more trade oriented, with exports playing an increasingly central role in driving growth. For example, from 1990 to 2004, net exports as a percent of GDP rose from 2.1 percent to 21.4 percent in Malaysia, and from -7.6 percent to 5.1 percent in Thailand. One reason for these large increases is that, unlike in China, growth has not been supported by investment. In fact, as the Asian Development Bank notes, "outside the PRC, widening [trade] surpluses are more closely associated with stunted levels of

investment....With the exception of Cambodia, PRC, and Viet Nam, investment rates in East Asia and Southeast Asia are still well below their average pre-crisis levels."[17]

More importantly, the transformation has also involved significant changes in both the geographical direction as well as the nature of East Asian manufacturing export activity. As table 2 shows, over the period 1992–2003, Greater China (defined as the mainland and Hong Kong) shifted its export orientation from East Asia, especially developing East Asia, to NAFTA and the EU. Specifically, the share of Greater Chinese exports to developing East Asia fell from 53.8 percent to 30.4 percent. Over the same period, the rest of East Asia shifted in the opposite direction. For example, the six listed members of the ASEAN Free Trade Area (AFTA) increased the share of their exports to East Asia from 36.8 percent to 48.0 percent. And, as table 3 shows, East Asian trade in manufactures is becoming increasingly narrowed to the export and import of parts and components rather than final goods. Looking just at the AFTA countries, trade in parts and components accounted for

Table 2. Destinations of manufactured exports (percent of total exports by region or country)

		Destinations						
Exporters	Years	EA	Japan	DEA	GCH	AFTA	NAFTA	EU
EA	1992	36.6	4.7	31.9	17.1	11.5	30.3	19.6
	1996	43.8	7.4	36.5	16.4	15.9	27.6	16.6
	2003	45.6	7.4	38.2	22.2	11.6	25.8	15.7
Japan	1992	25.1	—	25.1	9.0	11.2	32.7	20.8
	1996	34.4	—	34.4	10.7	17.0	30.8	16.2
	2003	35.9	—	35.9	17.8	11.5	28.7	14.9
DEA	1992	44.0	8.6	35.5	23.2	11.0	25.9	17.1
	1996	46.8	11.5	35.3	19.0	14.4	24.1	16.0
	2003	47.3	10.1	37.2	23.2	11.2	23.7	15.4
GCH	1992	56.4	2.7	53.8	45.3	6.5	19.1	14.7
	1996	46.2	8.8	37.4	26.5	7.5	25.9	18.8
	2003	39.1	8.7	30.4	19.0	6.9	27.7	20.9
AFTA	1992	36.8	8.8	28.0	7.1	19.3	27.2	19.7
	1996	45.0	11.1	33.9	8.2	23.6	23.5	16.0
	2003	48.0	10.0	38.0	13.5	21.3	20.7	14.2

Note: The country groups are as follows: EA is East Asia (Japan, China, Hong Kong SAR, Republic of Korea, Taiwan, Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam); DEA is Developing East Asia (East Asia excluding Japan); GCH is Greater China (China plus Hong Kong SAR); AFTA is the ASEAN Free Trade Area (Indonesia, Malaysia, Philippines, Singapore, Thailand, Vietnam); NAFTA is the North American Free Trade Area (United States, Canada, Mexico); EU is the European Union (Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Greece, Portugal, Spain, Sweden, United Kingdom).

Source: Athukorala & Yamashita, "Production Fragmentation and Trade Integration," 243.

Table 3. Parts and components (P&C) in manufacturing trade, in percent

	Share of P&C in mfg. exports		Contribution of P&C to growth of mfg. exports	Share of P&C in mfg. imports		Contribution of P&C to growth of mfg. imports
Country/region	1992	2003	1992–2003	1992	2003	1992–2003
EA	20.3	27.5	33.5	21.4	35.3	45.6
Japan	21.2	27.9	47.5	14.2	21.5	27.8
DEA	19.3	27.3	31.2	23.5	38.9	49.8
China	5.5	15.2	17.1	17.6	34.3	38.4
Hong Kong	20.2	12.3	—	28.1	44.2	—
Rep. of Korea	17.1	25.5	30.9	25.2	33.6	40.7
Taiwan	28.3	39.5	52.2	16.9	37.3	57.1
AFTA	24.7	40.6	49.9	28.2	47.1	67.7
Indonesia	3.7	13.9	25.1	18.5	18.5	18.5
Malaysia	38.7	42.7	44.6	35.2	55.7	74.4
Philippines	19.8	63.8	70.1	24.8	63.1	76.1
Singapore	27.0	46.7	59.7	30.0	49.2	70.8
Thailand	19.1	26.7	31.0	24.7	32.5	41.0

Note: See the note to table 2 for country groupings.

Source: Athukorala and Yamashita, "Production Fragmentation and Trade Integration," 239–40.

approximately half of the group's total increase in manufactured exports and 70 percent of its total increase in manufactured imports over the period 1992–2003. China stands out as one of the few countries whose exports remain largely final goods.

This development reflects the rise of a transnational corporate structured regional production system, with China largely functioning as the final production platform. In other words, the region's growing focus on trade in parts and components is largely a consequence of China's new position as an import-dependent producer of high-technology exports. Thus, in 2003, semiconductors and other electronics components accounted for approximately 40 percent of the region's total exports of parts and components. Adding parts and components related to telecommunication equipment and office and automated data processing machines brings the total to 90 percent.[18]

Japan remains the main driver of the region's production sharing operations, providing a dominant share of the region's parts and components. In 2001, for example, 70.5 percent of Indonesia's regional imports of parts and components came from Japan; the corresponding figures were 53.8 percent for Korea, 52.5 percent for the Philippines, 50.5 percent for Taiwan, 48 percent for Thailand, and 43 percent for China.

China's unique role as the region's ultimate production platform is highlighted by the fact that it is the only country in the region that runs a regional trade deficit in parts and components. In 2001, for example, Greater China (defined here with the substantial intra-trade between Hong Kong and China netted out) ran a regional parts and components trade deficit of $17.6 billion, split almost evenly between Japan and the rest of East Asia. Japan's unique position is highlighted by the fact that it ran a regional parts and components trade surplus of $29.3 billion, while the rest of East Asia recorded a regional parts and components trade deficit of $5.8 billion (because its collective deficit with Japan was larger than its surplus with Greater China). Thus, the mirror image of China's growing surplus in trade with the United States, and secondarily the European Union, is its growing deficit in trade with East Asia.[19]

Overall, East Asia's growth has become increasingly dependent not only on the export of parts and components, which are largely detached from any national base of production, but also on a select few products in a select few industries as determined by the changing needs of transnational corporations. This development has led to a serious misreading of East Asian economic dynamics. As two prominent Asian trade analysts observe, the growth in the intra-regional trade of parts and components causes a significant double-counting of trade "because goods in process cross multiple international borders in the course of their production sequence. The total amount of trade involving the goods while in process can be a multiple of the final value of that good." Thus, although total trade figures show a rise in the share of intra-regional trade thereby suggesting greater regional self-sufficiency, figures for final goods show quite the opposite trend. For example: the intra-regional share of final manufacturing trade for Developing Asia fell from 44.6 percent in 1992 to 35.2 percent in 2003. Therefore, along with China, the entire region's growth is becoming ever more dependent on external sales, especially to the United States and the European Union.[20]

Moreover, although this regional production system appears to promote higher value added production, it in fact offers limited gains in value added to the various countries that compete with one another to participate in it. For example, an UNCTAD study found that "participating in international production chains" often leaves the host country "locked into its current structure of comparative advantage...thereby delaying the exploitation of potential comparative advantage in higher-tech stages of production." These limitations have "been causing concern in recent years, even in some of the East Asian countries which have been more successful in exploiting various advantages associated with TNCs [transnational corporations]."[21]

China's Labor Dynamics

Although some analysts have begun to acknowledge the problems highlighted above, especially those related to the region's growing dependence on sales to the U.S. market, few have examined the labor market implications of East Asia's accumulation dynamics. By contrast, it is widely recognized that in Latin America and Africa, employment growth has been inadequate, so that growing numbers of workers in these regions have been forced to accept irregular work. As the IMF has noted:

> With slower GDP growth in the latter part of the 1990s, employment also suffered, particularly for wage earners. The quality of new jobs deteriorated, with many concentrated in micro-enterprises or self-employment at relative low wages. The share of the informal sector—defined as employment without access to social benefits or unemployment protection—rose to about 50 percent of total employment in Latin America.[22]

It is widely assumed that the situation is different in East Asia where capital accumulation remains robust, especially in China. However, the reality is quite the opposite; workers in China and the rest of East Asia are being forced to battle conditions very similar to those in Latin America. Here we focus on the situation in China.

Before looking at job creation, it is important to comment, at least briefly, on employment conditions for those with jobs. For many, including those employed in Guangdong, where approximately one-third of China's exports are produced, these conditions are far from satisfactory. For example,

> base assembly-line wages in the Pearl River Delta, the province's manufacturing belt, have been virtually frozen at about $80 per month for the past decade, according to a recent survey by the Ministry of Labor and Social Security. Factor in inflation over roughly the same period, and average pay in real terms has declined by as much as 30%. The reason: China's rise as a manufacturing power has contributed to a surplus of global production capacity for all kinds of goods, from sneakers to DVD players to plastic lawn chairs. With the price of raw materials rising and factory profit margins shrinking, blue-collar workers are at the losing end of a long chain of supply and demand.[23]

The situation in Guangdong is far from unique. Migrant workers, who make up a growing share of the country's industrial workforce, are increasingly responding to these conditions by initiating job actions (including strikes) or quitting and returning to their home villages. Worried companies have been forced to raise wages, but according to one estimate, "even after doubling between 2002–2005, the average

manufacturing wage in China was only 60 US cents an hour, compared with $2.46 an hour in Mexico."[24]

The central government has begun issuing decrees calling for local governments to raise local minimum wages in line with inflation. But, according to Anita Chan, "in reality the wages of the migrant industrial workers are often considerably lower than the official standards. For one thing, the minimum wage, set by the month, does not reveal the illegally long hours worked by migrant workers to attain that minimum. According to a survey I conducted in China's footwear industry, the average workday there amounts to about 11 hours each day, often with no days off—that is, about an 80-hour work-week."[25]

Moreover, many migrant workers are not even being paid what they are owed. At least one government survey found that 72.5 percent of the country's nearly 100 million migrant workers are owed wages, especially those employed in the construction and coastal export sector. Non-migrant workers employed by state owned enterprises are not immune from these developments; they are routinely told by their managers that "they must accept a decline in conditions and welfare or be replaced by migrant workers from the countryside."[26]

Those analysts that do acknowledge the difficult conditions under which Chinese workers labor, generally view them as a temporary cost that must be paid as China continues its industrial forward march.[27] As they see it, what is critical is that, in contrast to much of Africa and Latin America, China's industrial growth continues to draw more and more Chinese into formal labor-market relations, thereby advancing modernization and a progressive process of development. However, they are wrong.

Recently, several international organizations have reworked sometimes inconsistent Chinese government labor data to create a more reliable picture of Chinese employment trends. Here we rely on the work of the International Labor Organization (ILO).[28] The ILO began its study by organizing Chinese enterprises into seven different categories: state and collective enterprises, joint ownership enterprises, limited liability corporations, share holding corporations, foreign owned and operated enterprises, small-scale private registered enterprises, and individual registered businesses. The first five comprise the formal urban sector and the last two the informal urban sector. The ILO then used these enterprise forms to establish four different employment categories: regular formal wage employment (for those employed in urban formal sector enterprises), regular informal wage employment (for those employed in small-scale private registered enterprises), regular self-employment (for those running individually registered businesses), and irregular employment (for those engaged in casual-wage employment or self-employment—often in construction, cleaning, and maintenance of

premises, retail trade, street vending, repair services, or domestic services).

Significantly, regular formal wage employment in China's urban sector actually declined at an annual average rate of 3 percent over the period 1990–2002. Total regular (formal and informal) wage employment remained basically unchanged over this period, registering a zero average rate of growth. Only irregular employment grew, increasing at an annual average rate of 18.5 percent.[29]

Table 4 provides a more detailed view of these trends. In particular, employment in state and collective enterprises (what the ILO calls the traditional formal enterprises) fell by 59.2 million over the thirteen year period. Despite the country's rapid growth and the government's support for new, non-state forms of enterprise, the new emerging formal enterprises (cooperative enterprises, joint ownership enterprises, limited liability corporations, shareholding corporations, and foreign-funded enterprises) generated only 24.1 million jobs. The result was an overall decline in formal sector employment of 34.1 million. Even with the employment contribution of the informal urban sector (registered small privately owned enterprises and individually owned enterprises), the

Table 4: Urban employment by type, in millions

	TF	EF	EP	ES	IRR	Total
1990	139.1	1.6	0.6	6.1	15.3	162.7
1991	142.9	2.2	0.7	6.9	13.7	166.4
1992	145.1	2.8	1.0	7.4	14.1	170.4
1993	143.1	5.2	1.9	9.3	22.6	182.1
1994	141.0	7.4	3.3	12.3	18.3	182.2
1995	140.4	8.7	4.9	15.6	17.0	186.4
1996	139.0	9.4	6.1	17.4	23.9	195.8
1997	135.9	10.8	7.5	19.4	30.5	204.1
1998	107.2	16.3	9.7	22.6	56.8	212.6
1999	99.9	17.8	10.5	24.1	68.2	220.5
2000	93.3	19.3	12.7	21.4	81.3	228.0
2001	86.5	21.4	15.3	21.3	91.4	235.9
2002	79.9	25.7	20.0	23.5	95.3	244.4

Note: TF is employment in traditional formal enterprises (state and collective enterprises), EF is employment in emerging formal enterprises (cooperative enterprises, joint ownership enterprises, limited liability corporations, shareholding corporations, and foreign-funded enterprises), EP is employment in small-scale private registered enterprises, ES is employment in individual registered businesses, and IRR is irregular employment.

Source: Ghose, "Employment in China: Recent Trends and Future Challenges," 27.

Chinese economy managed an overall increase in regular employment of only 1.7 million workers over the thirteen year period. This was far from sufficient to match the growth in labor supply. Thus, growing numbers of Chinese workers have been forced to accept irregular employment which, with an increase of 80 million, now comprises the largest single urban employment category. A growing share of this irregular work is accounted for by China's burgeoning sex industry. While the Chinese government says there are 3 million prostitutes nationwide, independent estimates put the figure at up to 20 million (with sex work accounting for up to 6 percent of China's GDP) once sex laborers in massage parlors, entertainment establishments, and even barber shops and beauty salons are properly included.[30]

This massive increase in irregular employment is even more shocking when one realizes that growing numbers of workers have actually been leaving the urban labor market. For example, the labor force participation rate of urban residents fell from 72.9 percent in 1996 to 66.5 percent in 2002. In addition, outright unemployment also remains a serious and growing problem. As the ILO explains: "A major consequence of the reforms of the 1990s has been the emergence of open unemployment in China's urban areas." Official government figures seriously understate the seriousness of the problem in part because of the narrow definition used. For example, the urban unemployed are limited to those persons "with non-agricultural household registration at certain working ages (16–50 years for males and 16–45 years for females), who are capable of work, unemployed and willing to work, and have been registered at the local employment service agencies to apply for a job." Using more commonly accepted international definitions, the ILO estimates that the 2002 unemployment rate for long term urban residents was in the 11–13 percent range.[31]

The situation in manufacturing is much the same. As table 5 shows, despite the growing importance of manufacturing over the period 1990–2002, overall regular (formal and informal sector) manufacturing employment actually fell by 16.6 million workers. Once again, employment activity in the new emerging formal and informal enterprises was not sufficient to compensate for the enormous declines in state and collective employment.

Unfortunately, China's employment crisis is likely to get much worse very soon. Along with the massive pools of job-seekers generated by rural underemployment and state-sector layoffs, the number of jobless university and high school graduates is increasing rapidly. Of the close to 5 million university graduates projected for 2007, nearly 1.5 million will be unable to find work, according to the Chinese Ministry of Education. Similarly insecure prospects are in store for the great majority of the country's approximately 50 million high school graduates who

Table 5. Regular manufacturing employment by type, in millions

	TF	EF	EI	Total
1990	51.7	1.3	0.9	53.9
1991	52.6	1.8	1.3	55.7
1992	52.8	2.3	1.3	56.4
1993	50.3	4.3	1.8	56.4
1994	48.4	5.9	2.7	57.0
1995	47.5	6.9	3.4	57.8
1996	45.7	7.2	4.0	56.9
1997	42.5	8.3	4.5	55.3
1998	26.2	11.5	5.6	43.3
1999	22.7	12.3	6.0	41.0
2000	19.3	13.1	6.3	38.7
2001	16.2	13.9	7.2	37.3
2002	13.3	15.8	8.2	37.3

Note: TF is employment in traditional formal enterprises (state and collective enterprises); EF is employment in emerging formal enterprises (cooperative enterprises, joint ownership enterprises, limited liability corporations, shareholding corporations, and foreign-funded enterprises); and EI is employment in emerging informal enterprises (small-scale private registered and individual registered enterprises).

Source: Ghose, "Employment in China: Recent Trends and Future Challenges," 29.

enter the job market each year.[32] In short, it is increasingly difficult to see a fundamental difference in terms of labor market trends between China, a country with dynamic capitalist accumulation processes, and Latin America, a region with acknowledged economic difficulties.

East Asian Labor Dynamics

The employment problems highlighted above are not unique to China. According to the Asian Development Bank, research shows that "employment elasticities across the region are low and that, in general, they decreased in the 1990s vis-à-vis the 1980s."[33] As table 6 illustrates, among the eleven countries examined, seven showed a decline in their employment elasticities, one remained relatively constant, and only three showed an increase. Thus, the employment contribution of growth is clearly diminishing. The negative trends for China, Malaysia, Thailand, and Taiwan are especially striking.

The Asian Development Bank describes the importance of the results for China, "the world's fastest-growing economy year after year," as follows:

> While in the 1980s it took a 3% growth rate of output to induce a 1% increase in employment, in the 1990s a growth rate of almost

> 8% was needed to achieve the same result. Estimates by the PRC's National Development and Reform Commission reveal the challenge that is involved: in 2006 the country will need to generate about 25 million urban jobs to accommodate new entrants into the labor market, workers laid off from state enterprises, and rural migrants. However, urban areas are expected to be able to generate only about 11 million jobs.[34]

Conditions are far worse than even these low and declining elasticities would indicate since these studies do not distinguish between formal and informal employment. While countries generally have different criteria for what constitutes formal as opposed to informal sector work, what is striking is that the gains in employment in most of these countries, as in China, have largely been in the informal sector. Indeed, the ILO estimates that approximately two-thirds of all new jobs currently being created in Southeast Asia are in the informal sector. Thus, in the region with the most dynamic capital accumulation, not only are the employment effects of growth declining, but the jobs being produced are increasingly ones that offer the least protection and stability and the lowest earnings.[35]

Table 6. Employment elasticities

	1980s	1990s
Bangladesh	0.550	0.495
People's Republic of China	0.330	0.129
Indonesia	0.435	0.379
India	0.384	0.312
Republic of Korea	0.223	0.225
Malaysia	0.683	0.406
Pakistan	0.406	0.553
Philippines	0.535	0.731
Singapore	0.375	0.711
Thailand	0.315	0.193
Taiwan	0.242	0.139

Note: The elasticities show the percentage increase in employment resulting from a percentage increase in GDP

Source: Felipe and Hasan, "The Challenge of Job Creation in Asia," 1.

For example, in Indonesia, the employment share of the informal sector in total non-agricultural employment grew from 65.4 percent to 70.8 percent over the period 1998–2003. Similar but less dramatic increases took place in Thailand, the Philippines, and Vietnam. In India (the newest poster country), the employment share of the informal sector

grew from 80.5 percent to 83.2 percent between 1993–94 and 1999–2000. Over that same period, Indian GDP per capita grew by approximately 4.7 percent a year. As the *Economist* observed: "Despite [Indian] manufacturing's remarkable success, the number of jobs in its 'organized sector,' i.e., firms employing more than ten people, has hardly changed since 1991, at just above 6 million, out of a total of about 48 million in manufacturing as a whole." Even in OECD-initiate South Korea, the self-employed and their unpaid family members now account for more than one-third of the total workforce.[36]

Beyond the high and rising share of informal work, there are also changes in the nature of formal sector employment which are undermining its status. Generally, formal labor status involves regular or long-term employment with an enterprise that is registered and thus regulated by government mandated labor laws. However, this is changing as registered enterprises are increasingly making use of temporary or contract workers while shedding permanent workers via explicit layoffs and forced or semi-forced "retirements." As a result, a growing share of formal sector employment no longer includes employment security or other benefits previously associated with regular employment. In South Korea, for example, the percentage of wage workers with irregular labor status rose from 42 percent before the 1997–98 crisis to 55 percent in 2003, and these irregular workers receive on average only 53 percent of the hourly real wages paid to regular workers. Similarly, the share of contract labor in India's formal sector manufacturing rose from approximately 7 percent of total person-days worked in 1984 to 21 percent in 1998. The share of non-regular workers in Filipino establishments with ten or more workers increased from 20.51 percent in 1991 to 28.20 percent in 1997. In short, as the Asian Development Bank explains, "the distinction between formal and informal sectors in terms of desirable job characteristics (from a worker's perspective)...has become somewhat blurred."[37]

As in China, a growing number of workers in the other East Asian countries suffer from open unemployment or involuntarily part-time employment. Official unemployment rates in Singapore, Taiwan, and South Korea have recently exceeded 5 percent, meaning that hundreds of thousands of workers in these countries have been unable to find any work at all. And, as the *Economist* admits, "those figures do not include the legions of underemployed." Younger workers are disproportionately afflicted by this unemployment and underemployment. Workers between ages 15 and 24 account for only a fifth of the workforce but half the unemployed in Asia as a whole, according to the ILO. In South Korea, about 5 million workers aged 20–34 are either wholly or partially unemployed and dependent on their parents for support. The overall official unemployment rate of about 9 percent for South Korean workers

aged 15–29 thus represents only the proverbial tip of the iceberg.[38]

The Dynamics of Capitalist Accumulation

How do we explain these labor market outcomes? According to the Asian Development Bank, they are a result of "the interplay of three factors, namely, globalization, technical change, and competition." Specifically, this interplay leads to the adoption of "inappropriate technology." As East Asian companies compete to produce exports for sale in developed capitalist countries, they are increasingly relying on technologies imported from those countries. Thus, "the modern sector in developing countries is not much different from those in industrial countries in terms of capital intensity. The problem is that given the supply of labor available, and given the rate of investment, the more capital intensive the techniques, the less employment will be required."[39]

However, this framing, which pins the blame for employment stagnation simply on the rising capital intensity of production, leads to a false understanding of, and misdirected response to, the problems facing working people. For example, the common response by mainstream economists is to target government policies (and/or trade unions) for keeping wages at "artificially" high levels compared to the "price of capital." Yet, this obviously makes no sense in the case of China or other East Asian countries like Indonesia where wages are abysmally low. Capitalists do certainly mechanize production in order to reduce labor costs. But the fact is that given the nature of the products produced, it is often—even usually—the case that mechanization lowers unit costs even at very low wage levels. In fact, given the nature of the output, more labor intensive production processes may not be physically feasible at all.

Industrial capital accumulation is not a process that, if unrestrained by regulations and/or worker-organizations, tends toward an equilibrium with labor force growth so as to ensure productive and regular employment for all. Far from it. As Karl Marx explained, the "industrial war of capitalists among themselves...has the peculiarity that the battles in it are won less by recruiting than by discharging the army of workers. The generals (the capitalists) vie with one another as to who can discharge the greatest number of industrial workers." This war is especially intense in East Asia, where more and more production is being structured under the control of and according to the logic of competing transnational corporations (and their local subcontractors) operating through cross-border production networks. It is the real force underlying the recent statement by Singapore's labor minister, responding to the seventeen-year high 6.3 percent official unemployment rate, "that the boom years of near-full employment would not return as Singapore faced competition from low-cost rivals in the region."

Similarly, explaining why India's economy needs to grow at least 8 percent per year just to keep unemployment from rising, the *Far Eastern Economic Review* noted that the basic problem is that "companies are shedding workers and increasing productivity in the face of new competition."[40]

More generally, much of the underemployment and unemployment in China and the rest of East Asia can best be understood as the result of the ongoing separation of workers from access to the conditions necessary for their production and reproduction, what Marx called "primitive accumulation." David Harvey has recently coined the phrase "accumulation by dispossession" to describe this process—the change in terminology rightly emphasizing that this kind of separation and disemployment (creation of a pool of exploitable labor power) is not limited to the early history of capitalism on a global scale, but is rather integral to the system's ongoing historical development especially in its latest, neoliberal phase.[41]

Even the "flexibilization" of employment that is promoted by governments in response to neoliberal market pressures can be viewed as a variant of accumulation by dispossession insofar as it involves erosions of workers' job rights. This is obvious, for example, in the case of state-enterprise industrial workers in China, but it is also true for workers in other East Asian countries where capitalists—domestic and foreign—have responded to unionized worker struggles by locking out and then replacing them with contract workers and other temporary laborers. In Indonesia, for example, upsurging unionization, strikes, and wage-gains in the immediate post-Suharto period were followed by dismissals of workers (and replacements with contingent workers) exceeding 100,000 per year in 2002 and 2003. As Rustam Aksam, president of the Indonesian Trades Union Congress, observed, "Every country is now competing to reduce worker rights....We're racing to the bottom."[42]

In sum, the employment problems of China and East Asia need to be seen as part of "the growing failure of capitalism...to solve the elementary and, in the long run, the very survival requirements of the vast majority of those living under its sway." Of course, this failure is multi-dimensional. Alongside these employment problems, there is also "the unprecedented scale and speed of the deterioration of the natural environment."[43] That working people in the most dynamic centers of accumulation are also suffering from this crisis is an indication of its deep, intensive, and above all system-wide character. Under capitalism, universal access to productive employment—including jobs in education, health care, and other areas oriented toward improving the conditions of human development—is always seen as an inefficient diversion from the business of competitive money-making. Better to maintain a massive reserve army of unemployed and underemployed as a check on workers'

bargaining power and as a source of cheap labor to service the consumption needs (servile, sexual, and entertainment-wise) of the capitalist class and its various professional functionaries. Seen from this perspective, it is clear that the answer to worker problems in Africa, Latin America, and elsewhere for that matter, is not to be found in supporting policies designed to replicate capitalism's so-called Asian success stories. Rather it lies in building national and international movements with an accurate understanding of, and a commitment to overcoming, the dynamics of contemporary capitalism.

Notes

1. We discuss these points in detail in Martin Hart-Landsberg and Paul Burkett, *China and Socialism* (New York: Monthly Review Press, 2005); "China and the Dynamics of Transnational Accumulation, Causes and Consequences of Global Restructuring," *Historical Materialism* 14, no. 3 (2006).
2. Indeed, many believe that China's emergence as a world economic power is creating a progressive alternative to the U.S.-dominated regime of neoliberal economics and military unilateralism.
3. Ajit K. Ghose, "Employment in China," Employment Analysis Unit, Employment Strategy Department, *Employment Strategy Papers*, 2005/14, ILO, 1, http://www.ilo.org.
4. Hart-Landsberg and Burkett, *China and Socialism*, 48; OECD, *Economic Surveys: China* (Paris: OECD, 2005), 133.
5. John Whalley and Xian Xin, "China's FDI and Non-FDI Economies and the Sustainability of Future High Chinese Growth," National Bureau of Economic Research, *Working Paper Series*, Number 12249, May 2006, 5. Hart-Landsberg and Burkett, *China and Socialism*, 121; Steven S. Roach, "What if China Slows," *Global Economic Forum*, Morgan Stanley, May 23, 2005. There is a similar trend with imports; in 2004, foreign invested enterprises accounted for approximately 60 percent of China's total imports. Whalley and Xin, "China's FDI," 5.
6. Whalley and Xin, "China's FDI," 9. However, some analysts regard these figures as upper bound estimates. See, for example, Lee Branstetter and Nicholas Lardy, "China's Embrace of Globalization," National Bureau of Economic Research, *Working Paper Series*, Number 12373, July 2006, 19.
7. Stephen S. Roach, "China's Control Problem," *Global Economic Forum*, Morgan Stanley, July 21, 2006.
8. Jephraim P. Gundzik, "What a US Recession Means for China," Asia Times Online, September 27, 2006, http://www.atimes.com.
9. Gundzik, "US Recession."
10. David Lague, "China Overtakes U.S. as Tech Supplier," *International Herald Tribune*, December 12, 2005; *ChinaDaily.com*, "China's high-tech export grows 43.5% in past five years," January 29, 2006. Approximately 42 percent of China's electronics and information technology exports are sold in the

United States; beginning in 2002, China became the largest exporter of these products to the United States (Branstetter and Lardy, "China's Embrace of Globalization," 36).

11. Branstetter and Lardy, "China's Embrace of Globalization," 37–38.
12. Branstetter and Lardy, "China's Embrace," 38. The computer industry is a noteworthy example. Approximately 80 percent of the world's notebook and desktop computers are assembled in China, but most of the production is controlled by Taiwanese firms operating as original design manufacturers (ODMs). As a consequence, eight of China's top ten exporters are Taiwanese companies that supply "branded PC sellers such as Dell with unbranded computers and components." These Taiwanese firms may produce on the mainland but most of their components are supplied by other smaller firms that operate in other countries. As one analyst explains, "Almost all mainland China brings to the industry is cheap land and even cheaper labor. China is the manufacturing center of the global computer industry, yet it adds little value and therefore makes little profit." According to another, "There are no Chinese ODMs and there are no significant Chinese suppliers to the Taiwanese ODMs or to their suppliers." Tom Miller, "Manufacturing That Doesn't Compute," Asia Times Online, November 22, 2006, http://www.atimes.com.
13. Branstetter and Lardy, "China's Embrace," 39–40; George G. Gilboy, "The Myth Behind China's Miracle," *Foreign Affairs* (July–August, 2004).
14. *People's Daily Online*, "Nearly 90 pct of China's Electronics Exports are from Foreign Ventures," April 15, 2006.
15. *Economist*, "The Struggle of Champions," January 6, 2005, 59–61; Gilboy, "The Myth Behind China's Miracle." For example, as a result of its 2005 acquisition of IBM's PC unit, Lenovo became the world's third largest PC brand by volume. However, its profits have been on the decline. More importantly, "Like its rivals, Lenovo employs Taiwanese ODMs in the mainland to manufacture its branded computers....The company's headquarters have moved to the United States, and US engineers are largely responsible for developing new products (in conjunction with their ODM suppliers)." Tom Miller, "Manufacturing That Doesn't Compute."
16. Barry Naughton, "China's Emergence and Prospects as a Trading Nation," *Brookings Papers on Economic Activity*, no. 2 (1996); *Economist*, "The Struggle of Champions," 61.
17. Asian Development Bank, *Key Indicators of Developing Asian and Pacific Countries 2006*, http://www.adb.org; Asian Development Bank, *Asian Development Outlook 2006*, 3, http://www.adb.org.
18. Prema-chandra Athukorala and Nobuaki Yamashita, "Production Fragmentation and Trade Integration," *North American Journal of Economics and Finance*, 17 (2006): 241.
19. Francis Ng and Alexander Yeats, "Major Trade Trends in East Asia, What are their Implications for Regional Cooperation and Growth?" *Policy Research Working Paper 3084*, World Bank Development Research Group,

June 2003, 60. The rest of East Asia includes Korea, Malaysia, Philippines, Singapore, Taiwan, and Thailand.

20. Athukorala and Yamashita, "Production Fragmentation," 246–47.
21. UNCTAD, *Trade and Development Report 2002* (New York: United Nations, 2002), 75.
22. Anoop Singh, et al., *Stabilization and Reform in Latin America*, occasional paper no. 238, International Monetary Fund, February 2005, chapter 2, 7, www.imf.org.
23. Neil Gough "Trouble on the Line," *Time Asia*, January 31, 2005.
24. John S. McClenahen, "Outsourcing," IndustryWeek.com, July 1, 2006.
25. Anita Chan, "A 'Race to the Bottom,'" *China Perspectives*, no. 46, (March–April 2003): 43.
26. Ching Kwan Lee, "'Made in China,'" presentation at the 2004 Mansfield Conference, The University of Montana, Missoula, April 18–20, 2004, http://www.umt.edu, 2; Hong Kong Confederation of Trade Unions, *Chinese Labor and the WTO*, 2004, http://www.ihlo.org, 22.
27. For a more complete examination of the social costs inherent in China's growth as well as a refutation of arguments that present these costs as temporary, see Martin Hart-Landsberg and Paul Burkett, "China and Socialism: Engaging the Issues," *Critical Asian Studies* 37, no. 4 (December 2005).
28. Studies done by the ILO, Asian Development Bank, and IMF all present very similar employment trends. See Asian Development Bank, *Labor Markets in Asia* (Manila: Asian Development Bank, 2005), and Ray Books and Ran Tao, *China's Labor Market Performance and Challenges*, IMF Working Paper, WP/03/210, 2003.
29. Ghose, "Employment in China," 6.
30. Howard W. French, "Letter from China," *International Herald Tribune*, December 14, 2006, http://www.iht.com.
31. Ghose, "Employment in China," 8, 12, 13.
32. Edward Cody, "Students Grow Desperate Over China's Tight Job Market," *Washington Post*, November 24, 2006; Guan Xiaofeng and Wang ShanShan, "Job Shortage to Affect Graduates," *China Daily*, November 29, 2006, http://www.chinadaily.com.cn.
33. Asian Development Bank, *Labor Markets in Asia*, 22.
34. Jesus Felipe and Rana Hasan, "The Challenge of Job Creation in Asia," Asian Development Bank, *ERD Policy Brief*, Economics and Research Department Series No. 44, April 2006, 2.
35. Some countries limit the definition of informal employment to only self-employed and unpaid family workers, while other countries also include wage workers at small and/or unregistered enterprises. Indonesia is an example of the former, India of the latter. Asian Development Bank, *Labor Markets in Asia*, 18. Gianni Rosas and Giovanna Rossignnotti, "Starting the New Millennium Right," *International Labor Review* 144, no. 2 (2005): 144. Southeast Asia is defined to include Indonesia, Malaysia, Myanmar,

Philippines, Singapore, Thailand, and Vietnam.

36. Asian Development Bank, *Labor Markets in Asia*, 18, 20: Simon Long, "Now for the Hard Part: A Survey of Business in India," *Economist*, June 3, 2006, 10; "The Self-Employed in Plight," *Korea Herald*, February 12, 2005, http://www.koreaherald.co.kr.
37. Sang-hwan Jang, "Continuing Suicides Among Laborers in Korea," *Labor History* 45, no. 3, 2004, 280–81; "Labor Group Seeks Equality for All Workers," *Korea Herald*, January 16, 2003, http://www.koreaherald.co.kr. For details on forced retirements as a method of lowering labor costs, see Samuel Len, "Job Cuts Follow Recovery in South Korea," *New York Times*, December 9, 2003; Joonmo Cho and Sunweong Kim, "On Using Mandatory Retirement to Reduce Workforce in Korea," *International Economic Journal* 19, no. 2 (June 2005): 283–303; Data on India and the Philippines comes from Asian Development Bank, *Labor Markets*, 19, 56.
38. Kim Jung Min, "Victims of Efficiency," *Far Eastern Economic Review*, January 29, 2004; Keith Bradsher, "After an Exodus of Jobs, A Recovery in Taiwan," *New York Times*, March 19, 2004; Trish Saywell, "A Question of Jobs," *Far Eastern Economic Review*, January 15, 2004; "The Jobless Boom," *Economist*, January 14, 2006, 47.
39. Felipe and Hasan, "The Challenge of Job Creation in Asia," 5; Asian Development Bank, *Labor Markets in Asia*, 30;
40. Karl Marx, *Wage-Labor and Capital* (New York: International Publishers, 1976), 45; Saywell, "A Question of Jobs"; Joanna Slater, "The Dangers of Jobless Growth," *Far Eastern Economic Review* (May 6, 2004).
41. See David Harvey, *The New Imperialism* (New York: Oxford University Press, 2003) and *A Brief History of Neoliberalism* (New York: Oxford University Press, 2005).
42. Wayne Arnold, "In Indonesia, Unions Hit a Roadblock," *New York Times*, May 21, 2004.
43. Harry Magdoff and Paul M. Sweezy, *Stagnation and the Financial Explosion* (New York: Monthly Review Press, 1987), 203, 205.

I believe it is not necessary to give evidence of the admiration I felt for Compañero Baran, as well as for his work on underdevelopment, which was so constructive in our nascent (and still weak) state of knowledge of economics.

—Ernesto Che Guevara, *Monthly Review*, March 1965, 107.

Healing the Rift

Metabolic Restoration in Cuban Agriculture

REBECCA CLAUSEN

As John Bellamy Foster explained in "The Ecology of Destruction" (*Monthly Review*, February 2007), Marx explored the ecological contradictions of capitalist society as they were revealed in the nineteenth century with the help of the two concepts of metabolic rift and metabolic restoration. The metabolic rift describes how the logic of accumulation severs basic processes of natural reproduction leading to the deterioration of ecological sustainability. Moreover, "by destroying the circumstances surrounding that metabolism," Marx went on to argue, "it [capitalist production] compels its systematic restoration as a regulating law of social reproduction"—a restoration, however, that can only be fully achieved outside of capitalist relations of production.[1]

Recent developments in Cuban agroecology offer concrete examples of how the rift can be healed, not simply with different techniques but with a transformation of the socio-metabolic relations of food production. Numerous scholars have described the scientific achievements of Cuban organic agriculture. However, the success of Cuban organic agriculture and the potential for it to influence other Latin American and Caribbean nations must be understood not simply as the application of new agricultural technology, but rather as an example of social transformation in its entirety. As Richard Levins notes, "To understand Cuban agricultural development it is first necessary to look at it closely in the richness of detail....Then we have to step back and squint to capture the truly novel pathway of development as a whole that Cuba is pioneering."[2]

'Land is the Treasure, Labor is the Key'

Marx's concept of metabolism is rooted in his understanding of the labor process. Labor is a process by which humans mediate, regulate, and control the material exchange between themselves and nature. Land, the earth (and the ecological cycles that define it), and labor, which *is* the metabolic relation between human beings and nature, constitute the two original sources of all wealth. During a trip to Cuba with a group of agricultural researchers late last year I watched a horse-drawn cart

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transport organic produce from an urban garden of raised beds to the community stand nearby. I noticed a phrase painted on the wall of a storage building: "La tierra es un tesora y el trabajo es su llave," land is the treasure, labor is the key. Witnessing a cooperatively run farm grow and deliver organic produce for its community provided a visual representation of Marx's concept of metabolism. Land, providing the essential raw materials, is treated as a "treasure," one that must not be exploited for short-term gain, but rather replenished through rational and planned application of ecological principles to agriculture (agroecology). And labor, being the physical embodiment of a "key," can access the land's rich qualities to provide healthy subsistence food, equally distributed to the local community.

Marx has two meanings for the term metabolism. One referred to the regulatory processes that govern the complex interchange between humans and nature, specifically with regard to nutrient cycles. The second holds a wider, social meaning describing the institutional norms governing the division of labor and distribution of wealth. The analysis of the metabolic rift addresses both of these meanings. In the ecological sense, Marx notes that capitalist agriculture ceases to be "self-sustaining" since it can "no longer find the natural conditions of its own production within itself."[3] Rather, nutrients must be acquired through long distance trade and separate industries outside of the agricultural sphere. This creates a rift in the natural cycles of soil fertility and waste accumulation.

In the wider, social meaning of metabolism, a rift is created between humanity and the natural world due to the relation of wage labor and capital. Private property in the earth's resources, the division between mental/manual labor, and the antagonistic split between town and country illustrate the metabolic rift on a social level. In capitalism the rift is manifest in many ways, such as the primacy of corporate speculation in real estate, the loss of autonomy of subsistence farmers to the knowledge of "expert" technicians, and the demographic transition from rural farms to urban centers.

'This is Beautiful Work'

In Cuba I was fortunate to speak with many of the farmers who worked on the *organiponicos*. I was frustrated that my elementary Spanish did not allow for a sophisticated conversation, but I was able to formulate a basic question. "Do you like this work?" I asked a farmer who had been showing me around the urban plots. Without hesitation, the farmer warmly replied, "Este es trabajo bonito," this is beautiful work. Through further translation and site visits to four provinces throughout Cuba, I learned how the transformation of food production serves a practical function in Cuba; it supplies nutritious calories without

the use of petroleum products, an essential ingredient in most global agribusiness food production.

The Cuban agricultural model reconnects the natural cycle of nutrients, and grounds human labor in the countryside with productive labor in the cities. The transformation of socio-metabolic relations allows biodiversity to act as a resource for food production, such as providing habitat for beneficial insects, rather than a challenge to overcome. New models of ownership and distribution allow for participatory decision making at all levels of cultivation, harvest, and consumption. A new type of labor relationship is introduced, one in which indigenous farmers interact with trained agronomists to best fit a crop to the natural environment, climate, and geography. And in opposition to the skeptics who question whether this model "can only happen in Castro's Cuba," farmers described the recent experiences of traveling to other Latin American and Caribbean nations to disseminate this new model of food production.

Reestablishing the Spatial Relations of Nutrient Cycles

Cuban agriculture has been lauded for its application of rational science to achieve organic agriculture.[4] Accolades have come from international organizations such as those that voted to give the Cuban Grupo de Agricultura Organica the Alternative Nobel Prize for "developing organic farming methods." The success lies partly in discovery of new methods, but also in transmitting the new information for local implementation. The 280 successful Centers for Production of Entomophages and Entomopathogens (CREEs) are a testament to the potential for rational organization of a national program for biological pest control by production of organisms that attack insect pests of crops.[5] State-sponsored research that develops natural pesticides and bio-fertilizers is crucial to creating an alternative to conventional agriculture; however, it is not the fulcrum upon which metabolic restoration pivots. In order to understand the healing of the metabolic rift in relation to ecological processes, one must understand the spatial reorganization of nutrient cycling.

The ecological understanding of metabolic rift is premised on the spatial relations of physical processes regulating nutrient cycling. The separation of people from the land (rural to urban migration) creates a rift in the metabolism of nature-society relations since nutrients are transported away from the productive crops and farms where they originated, and accumulate as waste products in distant population centers. To replenish the biostructure of the depleted soil, capitalist agriculturalists must obtain nutrients through appropriation (i.e., the historic guano trade) or artificial industrial production (i.e., contemporary synthetic nitrogen) to be continuously applied to farmland.

This system of food production severs the natural process of nutrient cycling, and introduces new ecological contradictions associated with the energy requirements for long distance trade in fertilizers while at the same time nutrients accumulate in the sewage of the cities. In a similar manner, the separation of agricultural animals from the cropland that produces their feeds creates a metabolic rift by interrupting the material exchange between grain feeds/livestock and livestock manure/grain feeds. As Foster and Magdoff note, "This breakdown of the physical connection between the animals and the land producing their feeds has worsened the depletion of nutrients and organic matter from soils producing crops."[6] The resulting consequence is the intensification of fertilizer application required to grow grains to meet an increasing demand for concentrated livestock production. The separation of humans, livestock, and crops breaks the return flow of nutrients to the land.

Cuban agriculture over the past thirteen years has worked to reestablish the spatial relationships between nutrient cycles and material exchanges. A key principle of Cuba's agroecology is the "optimization of local resources and promotion of within-farm synergisms through plant-animal combinations."[7] The improved spatial integration of plants, animals, and humans can reduce the need for long-distance trade and replenish the fertility of the soil through nearby nutrient sources. Local socioeconomic circumstance and biophysical constraints dictate the type of spatial arrangement of nutrient cycles that are possible. During my visits to Cuban farms I witnessed how farming practices can sustainably cycle nutrients from either local sources or from on-site synergisms. Local resources are used to promote nutrient cycling, with methods for on-site integrations. Each of these methods attempts to fundamentally alter the spatial relations of nutrient cycling and waste assimilation in food production.

Worms, Cows, and Sugarcane

The essential factor required by all farmers for successful food production is nutrient-rich soil. Before the Special Period, Cuba relied on imported, synthetic fertilizers to achieve agricultural productivity. Today, organized systems that unite human labor, animal and crop by-products, and natural decomposition provide the essential nutrients for sustainable food production. The pathway that leads to replenished fertility and health of the soil does not require long distance trade or intensive energy inputs, rather it relies on the functions of biodiversity and ecological efficiency.

During a visit to a cooperatively run farm in East Havana, a farmer knelt down beside one of many long, rectangular concrete rows that served as high-density housing for the California red worm. He scooped his palm beneath the dark rich top layer of soil to reveal a small sample

of the 10,000-50,000 worms that inhabited that particular square meter of biomass. In commercial-scale production, the worms can produce 2,500 to 3,500 cubic meters of humus from 9,000 cubic meters of organic material (a cubic meter is approximately the same volume as a cubic yard).[8] Vermiculture, the method of using worm casings for soil fertilizer, is carried out on the farm so that workers can monitor daily the temperature and moisture of the worm habitat, and apply the nutrient-rich supplement to the crops at the correct time. Vermiculture in itself is not a revolutionary technique, however in Cuba it represents the final stage in an integrated process that reorganizes the use of local products to grow food.

The farmer explained how the worms can produce humus faster by using animal waste rather than vegetable waste, so he routinely obtains cow manure from a nearby farm. The cow manure is itself a product of local nutrient recycling, considering the feed inputs used to nourish the cows are the by-products of local crops. Although Cuban research centers realized decades ago that cattle could be well nourished by forage grasses, legumes, and crop residues, the prevalence and accessibility of cheap, imported cattle grain from Soviet nations left the benefits unexamined before the Special Period. A change in the material conditions of feed availability, however, allowed for closer inspection of the most sustainable uses of local resources. Cuban researchers learned that by-products from the sugarcane fields provided biological enrichment to cattle diets, and began using these "waste products" as the primary supplements for cattle feed.[9] By-products from the sugarcane harvests include bagasse, molasses, and *cachaza*, as well as fresh cane residues such as the tops of cane stalks. Sugarcane as cattle fodder offers alternative solutions for both metabolizable energy and for protein supply. As two researchers into Cuban agroecology state: "The experiences of various countries over the last 15 years have demonstrated an economic advantage to using sugarcane as the main energy source for cattle feeding in beef and milk production. These systems are of special relevance for tropical countries during the dry season, the optimum season for the sugarcane harvest, and in turn, the most critical one for pasture and forage availability."[10]

As the farmer conveyed this cascading path of nutrients from sugarcane fields to cattle troughs, from cow manure to worm bins, from worm casings to organic agriculture plots, I began to see how the nutrients within this one province of Cuba were connected through the metabolic actions of the plants and animals. This particular flow of nutrients (sugarcane, cow, worm, crop) delivered to local organic farms is not standard across all of Cuba because other regions have different resources available that can be substituted. For example, in Matanzas—the primary citrus producing province in central Cuba—orange rinds are

fermented into silage to serve as cattle feed.[11] Substituting local resources based on availability minimizes transportation energy expenditures and makes ecologically efficient use of nearby nutrients, thereby altering the spatial relationships of conventional agriculture's fertilizer and waste disposal systems.

Another Pasture is Possible

As we drove down the lane to the "Indio Hatuey" Experiment Station I noticed a fenced and forested landscape on both sides of the road. My naïve assumption that this was some kind of a wood fiber plantation reflects the narrow range of delineated possibilities I've been trained to identify as *either* forest *or* pasture. Specialized production that produces a particular landscape is the standard model for intensive agriculture, and it represents one in which metabolic interactions between species are intentionally and intensively denied. The artistic sign at the entrance of the Pasture and Forage Experimental Station depicting cattle grazing in trees and tall grasses, surrounded by a symbolic beaker of science, was my first introduction to the sustainable silvopastoral systems.

"Welcome on behalf of the workers," said Mildrey Soca Perez, the director of research at the station. The presentation began with a description of the holistic and interdisciplinary objectives of this experimental station, followed by a discussion of the ecological efficiency associated with livestock-crop integration. Before the Special Period, Cuba relied on an intensive production model for cattle grazing to secure milk and protein for the population. The Special Period triggered a search for alternative means of livestock production using local resources. Knowledge was reconstructed from small farmers who had preserved traditional mixed systems of land use. The spatial reorganization of crop growth and livestock production yielded mutual benefits of nutrient fertilization and waste assimilation. In hindsight, Cuban researchers from the Pasture and Forage Institute recognize that "the separation of crop and livestock production that took place was wasteful of energy and nutrients."[12] As the cows emerged from the forest trees and the researcher described the energy transfers between cows, tree leaves, and grasses, I began to see the ways in which this integration was another concrete example of restoring the rift that had occurred between constituent elements of our food production systems.

The Indio Hatuey farm raises cattle in fields planted with the tree *Leucaena leucocephala*. Cows eat the leaves and branches of this short and heavily forked tree, and workers regularly prune the trees so that the branches are accessible to the cattle. The cows also graze on the grasses in the trees' understory. Leucaena trees fix nitrogen, thereby replenishing the soil that nourishes the grasses.

In addition, the cow manure helps boost the soil fertility for the trees

and grasses. The utilization of organic compost on specialized monoculture systems and/or on large-scale production units has high transport and application costs, and specific labor and equipment requirements. Cuban researchers have found, however, that "when the scale of the system is kept smaller, and the degree of integration high, using these techniques is much easier, and in fact becomes a functional necessity of the system, while guaranteeing nutrient recycling."[13]

The leucaena trees provide shade for the cows, thereby reducing heat stress and increasing productivity. To ensure ample photosynthesis for the grasses, the trees are planted in rows extending East-West to maximize the sunlight reaching the ground. The leucaena tree roots prevent erosion by maintaining the integrity of the soil structure, and special attention is given to the cow-tree ratio to ensure that soil compaction does not result. The researchers at Indio Hatuey station found that this system of grazing resulted in 3,000–5,000 liters milk/hectare/year with increased quality in terms of fat and protein content. In addition, the silvopastoral methods reduced the fluctuations of milk production between the rainy and dry seasons and increased the reproduction rates of the cows.

Silvopastoral methods do not only apply to cattle grazing and milk production, as these types of integrated systems are being researched for sheep, goats, pigs, and rabbits. The Indio Hatuey station also conducts research on grazing horses in orange orchards. The horses clear weeds from the orchard floor, reducing the need for herbicides, and provide manure fertilizer to maintain soil fertility. From an economic viewpoint, the orange/horse integrated system yielded a profit that was 388 Cuban pesos/hectare/year higher than the orange monoculture without animals.[14] In each of these cases, the spatial relations of food production are researched and managed to maximize nutrient cycling and adapt the production system to biogeochemical features of the landscape.

On-farm experience in integrated livestock production is demonstrating the potential and viability of widespread conversion to crop/livestock systems. This transformation has implications that go beyond the technological-productive sphere. Rather, these changes directly or indirectly influence the economic, social, and cultural conditions of the small-farming families by reinforcing their ability to sustain themselves through local production. The Cuban farmers and researchers who explained the processes of local and on-site nutrient cycling helped me to see the many hands of workers that allowed this process to continue. New labor relationships, new decision-making structures, and new land and food distribution patterns not only allow for Cubans to subsist on healthier food in an ecologically sustainable manner. These structural changes have fundamentally altered society's metabolism.

Reestablishing the Labor Relations of Food Production Systems

As noted, Marx used the concept of metabolic regulation in a wider, social meaning to "describe the complex, dynamic, interdependent set of needs and relations brought into being and constantly reproduced in alienated form under capitalism."[15] The needs and relations of social metabolism are regulated by the institutional norms governing the division of labor and distribution of wealth. The limitation of human freedom caused by the social metabolic rift provided Marx with a concrete way of expressing the notion of the alienation of nature. This second meaning of metabolism goes beyond the physical laws of nutrient exchanges and addresses the transformation in labor relations and property tenure that must accompany ecological changes if long-term sustainability is to result.

Cuba's conventional agriculture, dependent on fossil fuels and mechanization, was carried out on large state-owned farms that controlled 63 percent of the arable land. By the end of the 1980s, state-owned sugar plantations covered three times more farmland than did food crops, making it necessary for Cuba to import 60 percent of its food, all from the Soviet bloc. The severe food crisis resulting from the Soviet collapse and the stringent U.S. economic blockade took a physical toll on the Cuban population, as the average Cuban lost twenty pounds and undernourishment jumped from less than 5 percent to over 20 percent during the 1990s.[16] The agrarian reforms, which transformed land tenure and distribution outlets, were the key to recovering from the food crisis.

In September 1993, the Cuban government restructured the state farms as cooperatives owned and managed by the workers. The new programs transformed 41.2 percent of state farm land into 2,007 new cooperatives, with membership totaling 122,000 people.[17] The cooperative owns the crops, and members are compensated based on productivity rather than a wage contract. In addition to being monetarily paid, the associated producers agree to provide meals to workers and personal gardening space for growing and harvesting family provisions. This change in land tenure has not only allowed for better application of organic farming methods, it has reconnected the worker to the land. This reconnection occurs both figuratively, as seen in the worker's description of the farming job as "trabajo bonito," but also geographically. The design of Cuba's agricultural systems is taking into account the need to stabilize rural populations and reverse the rural-urban migration. Cuban agronomists at the Pasture and Forage Research Institute understand that this can only be achieved by rearranging productive structures and investing in developing rural areas, giving farming a more economical and social foundation.[18]

In addition to the cooperatively owned farms, the Cuban government has turned over approximately 170,000 hectares of land to private farmers. This reflects Marx's view that "a rational agriculture needs either small farmers working for themselves or the control of the associated producers."[19] The government retains title to the land, however private farmers receive free rent indefinitely, as well as subsidized equipment. Many Cuban families are now viewing farming as an opportunity and have left the cities to become farmers. The National Association of Small Producers states that membership has expanded by 35,000 from 1997 to 2000. The new farmers tend to be adults with young families (many with college education), early retirees, or workers with a farming background.[20]

Expanding labor opportunities in rural agriculture only addresses one side of Cuba's food production system. The emphasis placed on urban organic gardening transcends the town/country divide using a different strategy—introducing food production systems in abandoned city spaces. The organiponicos' productive raised beds offer organic produce to surrounding neighborhoods from what were once garbage dumps, parking lots, and demolished buildings. Today, urban gardens produce 60 percent of the vegetables Cubans consume.

The urban agriculture movement began informally based on the need of urban dwellers to meet basic food requirements. The Cuban government recognized the potential for urban agriculture and created the Urban Agriculture Department to facilitate the movement. The state formalized the growers' claims upon vacant lots and legalized the rights to sell their produce. All urban residents can claim up to one-third of an acre of vacant land, as long as they abide by the rules of all organic farming methods. By the beginning of 2000, more than 190,000 people had applied for and received these personal lots for use in organic farming. In total, 322,000 Cubans are involved in urban agriculture. The Urban Agriculture Department has acted to support and promote urban agriculture by opening neighborhood agricultural extension services where growers can bring their produce to receive technical assistance with pest and disease diagnosis, soil testing, etc.[21]

The transfer of technical agricultural knowledge from agronomists to food producers represents one side of the equation for successful sustainable agriculture. The Cuban model of agriculture recognizes that the artificial divide between mental and manual labor limits the range of opportunities for productive food systems. The goals of a participatory democracy for agricultural decision making have been incorporated into the new farming model, and this is made possible by the new ownership patterns. For example, the smaller cooperative farms are offered assistance by People's Councils, located in all fifteen provinces of Cuba.[22] The People's Councils are comprised of local food producers and

technicians that work together to advise the area's farmers on best practices suited for that area. The trained agronomists work with the farmers in site-specific locations to determine the most appropriate techniques.

Farmers' knowledge is also incorporated into agricultural conferences and academic proceedings. Fernando Macaya, the Director of the Cuban Association of Technicians for Agriculture and Forestry (ACTAF), spoke of a Provincial Meeting of Urban Agriculturists he attended in November 2006. Of 105 research papers delivered, 53 were presented by food producers, 34 from research technicians, and 12 from academic professors—61 of the presenters were women. The inclusion of experiential knowledge with experimental data leads to the application of rational science, equally accessible to all members of society. Younger generations are invited to participate in agricultural clubs in school, and teachers are encouraged to promote ecological classrooms. The most recent ACTAF-funded project brought puppet shows to elementary schools, addressing how to grow and use various medicinal herbs.[23] Bridging the artificial divide between mental and manual labor is possible with new labor relationships.

The rift in the social metabolism can be overcome by melding the town/country boundaries (changing land tenure), as well as intersecting the roles of mental and manual labor (changing the division of labor). These two actions involve transformation of food *production*. But there is another relevant feature of the social metabolism of agriculture—the *distribution* of the harvest's "wealth." A key theme of Cuba's sustainable agriculture is diversification of channels of food distribution. Rather than allowing one central authority to control all food distribution, flexibility is built into the distribution process to meet the populations' varying needs. To help people cope with persistent food availability problems, a ration card is maintained which guarantees every Cuban a minimum amount of food. The diets of children, pregnant women, and the elderly are closely monitored, and intentionally low meal prices are offered at schools and workplaces, with free meals at hospitals.

Neighborhood markets sell produce from organiponicos at well below the cost of the larger community markets, providing fresh vegetables for those who cannot afford the higher prices. By the beginning of 2000, there were 505 vegetable stands in Cuban cities, with prices 50–70 percent lower than at farmers markets.[24] The private farmers markets were opened in 1994 to allow outlets for increased production and greater diversity in produce. The private farmers markets provide producers with another means to distribute goods once basic necessities of the population have been met. Even though the private farmers markets operate on principles of supply and demand, governmental controls are in place to deter price gouging and collusion.

Attention is given to identifying low-income groups, and social assistance programs are created to address their food access. Marcos Nieto, of the Cuban Ministry of Agriculture, describes how "planning takes into account geographic patterns of distribution of the population, especially with regards to areas of high population density, or limited access, or poor soils, etc."[25]

Sovereign Agriculture in Latin America?

The rift in social metabolism of food production under capitalism is aggravated by private ownership of land, the strict division between mental and manual labor, and the unjust distribution of the fruits of labor. Cuba's model of agriculture systematically transcends these alienating conditions, reconnecting farmers to the land through cooperative production, participatory decision making, and diversified distribution. Can this vision for ecological sustainability and social equality extend beyond the island of Cuba?

Cuban farmers are traveling to Latin American and Caribbean nations to assist farmers in setting up similar types of food production systems. Indeed, Cuba's fastest growing export is currently ideas. Cuba hosts many visiting farmers and agricultural technicians from throughout the Americas and elsewhere. Cuban agronomists are currently teaching agroecological farming methods to Haitian farmers, as well as assisting Venezuela with their burgeoning urban agriculture movement.

It is not only Cuban farmers that are dispersing these ideas. Peasant movements throughout Latin America are returning to traditional agrarian practices and demanding land redistribution that allows for subsistence food production. The Latin America School of Agroecology was created in August 2005 in Parana, Brazil. Founded by a partnership between two peasant movements—the Landless Workers Movement (Movimento dos Trabalhadores sem Terra, MST) and Via Campesina—the school focuses on bringing the principles of agroecology to rural communities throughout Latin America. According to the coordinator of the MST, Robert Baggio, the school will construct a new matrix based on agroecology. This new matrix, he explained, will be geared to small-scale production and the domestic market, respecting the environment and contributing to the construction of sovereign agriculture (http://www.landaction.org).

In this spread of metabolic restoration, we get a glimpse of Marx's vision of a future society of associated producers. In volume 3 of *Capital*, Marx wrote: "Freedom in this sphere can consist only in this, that socialized man, the associated producers, govern the human metabolism with nature in a rational way, bringing it under their own collective control instead of being dominated by it as a blind power; accomplishing it with the least expenditure of energy and in conditions most worthy

and appropriate for their human nature."[26]

The psychological barriers that often prevent this vision from seeming possible are based on a myopic view—that of *agribusiness* as usual: where cows do not graze in forests and crops do not grow from worms; where farmers do not do science and workers do not eat their harvests; and where the metabolic rift in ecological and social systems becomes intensified with the ever-increasing quest for profit accumulation. Cuba's agriculture shows that the potential for metabolic restoration is real, and it can happen now. The advance of these ideas through the rest of Latin America provides hope for future transformations.

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MONTHLY REVIEW *Fifty Years Ago*

For publishing Professor Paul Baran's *The Political Economy of Growth* the Monthly Review Press deserves the gratitude, not only of professional economists, but of all socialists and serious students of the present as history....

The quality of the author's discussion matches the importance of his subject. No single person could treat exhaustively so complicated a problem: and by his own account Professor Baran has attempted only to sketch its general contours, to offer a tentative map for the encouragement of further exploration. What makes his book superior to others in its field is the scope, the depth, and the focus of his treatment. In scope, the analysis ranges over the major divisions of the world: the author discusses the problems of economic growth as they are encountered in the monopoly capitalist, the colonial and semi-colonial, and the socialist countries. In depth, the analysis takes into account the major divisions of social theory: the author presents a Marxian critique, at once utilizing the contributions and exposing the inadequacies of bourgeois thinking on the subject. In focus, the analysis concentrates on comparison of policies in terms of probabilities. The author seeks to establish, by theoretical analysis, the range and weight of alternative possibilities; and at the same time he evaluates, in the light of this knowledge, competing governmental policies and social systems.

—Stanley Moore, "The Political Economy of Growth: A Review," *Monthly Review*, May 1957.

The Left Opposition in Germany

Why Is the Left So Weak When So Many Look for Political Alternatives?

INGO SCHMIDT

The Christian-Democratic Union (CDU) is experiencing right now what the Social-Democratic Party (SPD) had to learn after the accession to power of a Red-Green Coalition in 1998: People's parties are elected because they promise to reconcile the interests of businesses, working people, and the receivers of any sort of social assistance. They lose approval if they pursue policies that one-sidedly benefit the corporate sector. Although cabinet ministers occasionally bemoan the exorbitant salaries received by top managers and the unpatriotic behavior of a company that decides to relocate, most voters do not fail to notice that such company policies are encouraged by a politically driven redistribution of income in favor of profits. People who expected more socially oriented policies from the CDU are turning away from that party, but only some are turning toward the SPD. The latter gained somewhat in recent polls and was able to win state elections in Berlin and Mecklenburg-Western Pomerania, but it still is nowhere near its former approval rates. Moreover, the relative distribution of votes hides the absolute decline in voter turnout.

Rampant electoral abstention is only seen as a problem when it helps the fascist National-Democratic Party (NPD) to win a larger share of the total vote. In this case, public money is spent to inform us about the merits of a democratic system. However, it is questionable whether those who are tired of the broken pre-election promises of the major parties will let these very parties prescribe them extra-political lessons. Parties, like the CDU and the SPD, who simply accomodated themselves to the fact that highly concentrated wealth in the hands of a few counts more in today's politics than masses of voters, should not be surprised by the public's disappointment and their turning away from the political system.

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The left has more reason to wonder at this turn of events and also more responsibility in the fight against the right. Grassroots activists critical of electoral politics understand electoral abstention as a learning process; occasionally they have been able to use the dissatisfaction with the political system and economic conditions to mobilize considerable protest movements, for example, against the unfettered power of global financial markets, the war in Iraq, and social spending cuts.

Many activists who earned their credentials building these movements planned to deliver their masterpiece by forging a Left Party that would provide a permanent left voice in parliament. However, they seem in reality to be just as ill-prepared to do so as the two groups that would no doubt form the core of the new party: veterans from East Germany's Party of Democratic Socialism (PDS) and those from the (former) left wing of the SPD.

With street protest waning, at least temporarily, and negative election results for the PDS in Berlin and Mecklenburg-Western Pomerania, grassroots activists and the parliamentary left alike have to ask themselves why their political offerings are not well received in a time when many people are looking for alternatives. Considering the quarrels between the West German Electoral Alternative for Jobs and Social Justice (WASG—largely a left offspring from the SPD) and the East German PDS, as well as the "image affectation" of some individuals from East and West, it is understandable that the self-appointed "New Left" hardly resonates beyond its own activist and deputy circles.

Have leftists not understood what is at stake for themselves and democracy in Germany? Do they try to scrape incompatible things together? Since the protest movements are currently weak and the formation of the Left Party is determined, but also blocked, by an "East-West Conflict," answers to these two questions must be sought in the history of German unification.

East-West Dialogue

When West German chancellor Willy Brandt labeled his then new Ostpolitik as "Change Through Rapprochement" in the early 1970s, the East German government claimed political self-reliance under the banner of "Two states—one nation." Changes that have taken place since the (East) German Democratic Republic (GDR) acceded to the (Western) Federal Republic of Germany (FRG) in 1990 leave lots of room for rapprochement even a decade and a half later. At this point, there seem to be at least two nations within one state. Communication problems among leftists from East and West are an expression of this socio-cultural divide. They are a result of different experiences before and after unification. (In passing, it should be mentioned that foreigners whose social integration is being promoted by language courses might well ask

themselves whether it would be better to learn "East German" or "West German.")

An overwhelming majority of members of the PDS lost not only their former social status but also patterns of social norms and consciousness when the GDR disintegrated. Some have responded to these experiences by ideologically insisting on old party verities and others by earnest attempts to develop a new Marxist interpretation of the history of the GDR and German unification. However, many used the occasion of the GDR's discredited state and party Marxism to adopt uncritically, at least for awhile, western patterns of thought.

Although accession to the FRG implied fundamental changes in the social order and in day-to-day experiences, pretty soon there was a return to circumstances that resembled those faced in the old GDR. Big brother West Germany replaced the big brother Soviet Union. The daily routine under capitalism was as bleak in relation to the "blossoming landscapes," that Chancellor Helmut Kohl once promised, as everyday socialist life had been in comparison to the proclaimed "superiority of the socialist relations of production." Eventually the non-development of an East German economic miracle led to skeptical views on the western patterns of thought and new uncertainties. Under these circumstances the presence of PDS deputies in municipal and state parliaments offered a certain degree of orientation. However, states and municipalities are strictly subordinated to federal budget guidelines and therefore doomed to administer budgetary shortages. Socialist shortages of available means of production were replaced by the capitalist shortage of jobs. The administration of either spawns bureaucracies that, different ideological justifications notwithstanding, do not care much about theoretical consistency in their practical muddling through.

Nothing of this blend of theoretical skepticism and practical opportunism can be found in the experience kitbag of WASG activists. Most of them come from the SPD, in which they eventually had to abandon the idea to use this left people's party as a transmission belt for their socialist politics. That it was not possible to realize their ideas within the SPD is attributed to the treason of the party's right wing, which supposedly surrendered the SPD under the leadership of Gerhard Schröder to capital's claims to profit. (There is some resemblance in this party-treason formulation to that of their comrades from the PDS's Communist Platform, who blame the demise of the Soviet empire on Gorbachev's capitulationism.) Most WASG activists are still convinced that their political ideas are right and are now looking for a new mass base to pursue them. There are, however, communication problems with the PDS mainstream, which is not very inclined to adopt the welfarist principles of the WASG after the disenchantment with state-socialist and liberal-capitalist ideologies.

Maybe political insiders East and West will eventually find a common language. Yet, outsiders are unlikely to regard an extended learning period within and between PDS and WASG as a welcome mat to participate, and may see it as just another case of elitist detachment from pressing social concerns. What is more, a common language does not ensure the success of a common program. The latter will only help to win voters for the joint Left Party if it is built on the different social and economic living conditions in East and West Germany and is capable of translating these differences into commonly acceptable claims. This calls not just for a common language of political insiders but also one that common folks understand and speak and can put into practice.

Economic Inequalities and Different Programmatic Conclusions

The divide between (long-term) unemployed and employed in East Germany is much deeper than it is in the West. Not only are unemployment rates higher but also the share of long-term unemployment is disproportionately high. Moreover, the division between workers covered by collective agreements and precarious jobs is much sharper. The convergence of working conditions and wages that collective agreements induced in the West did not come about in the East after the change from one social system to the other. For that reason, in the East significant numbers of workers covered by collective agreements can only be found in the public sector and a number of outlets of large corporations. It's true that the number of unionized workplaces is decreasing in the West, but this process started at a fairly high base level. Given these regional differences in economic conditions, it is no surprise that the political views of the PDS and the WASG differ significantly in a number of crucial areas.

In the face of more than precarious labor market conditions in the East, it is understandable that the creation of jobs, not to speak of full employment, seems to be unrealistic to many people. Therefore the PDS is more inclined than the WASG to talk about the introduction of a basic income whose receipt would not, as opposed to unemployment benefits, be conditional on prior employment. Within the WASG, whose main base lies with union activists of export-oriented corporations in the West, such propositions are met with some reservations. It's not just that they infringe upon a deeply entrenched work ethic according to which somebody who does not work has no right to eat. There is also the apprehension that the potential voters the WASG is aiming for, and whose taxes would be needed to pay for any such program, would not like the idea of a basic income. However, the union-oriented WASG champions the idea of a legal minimum wage as a partial substitute for the decreasing coverage of collective bargaining agreements. Although the left faction in the federal parliament supports these claims, there are

dissenting voices from the PDS at the state level where lower wages are seen as one of the few tools companies in the East can use to compete against all-powerful Western corporations.

Different labor market conditions in East and West led to divergent ideas within the PDS and the WASG on the relation between wage labor and income that imply a distributional conflict between Western taxpayers and Eastern recipients of social benefits. In view of politically regulated redistribution, there are contradictory views between the PDS and WASG, while at the same time there are certain realities denied on both sides. The necessity to balance the budget, which is announced by the government and accepted by the established parties, contrasts with the public spending and redistribution programs promoted by the WASG aimed at increasing aggregate demand and employment. But the PDS, especially when it is part of state governments, has widely accepted the necessity of balancing the budget.

In fact, German unification led to an almost complete destruction of the East German economy but also triggered a redistributional Keynesianism that, through the mechanisms of fiscal transfers and social insurances, prevents income levels in the East from collapsing, creates demand for imported goods from the West, and thus helps to keep jobs there. However, the additional jobs the WASG wishes to achieve by applying Keynesian economic policies are scarcely to be created through these redistributional mechanisms. At the same time, the PDS has to face the question whether it is in fact undermining its own social bases by insisting on budget balancing at the same time as it is helping to administer the redistribution from West to East in a number of states and a significant number of municipalities. If the financial constraints mean slashing the number of deputies, voter approval and jobs in public administration might go down as well. In Berlin this has already resulted in a massive setback for the PDS in the last elections.

In summary, it can be said that there are different points of view on the individual income entitlements and on the level of macroeconomic redistribution in East and West. Maybe a shift of focus from income distribution to the production process would help to promote left unity. If the left in both East and West could abandon the idea that only goods that can be sold at a profit should be produced, perspectives beyond the economic divide—separating export-oriented industrial regions and markets that are dependent on financial transfers—might open up. Production based on the needs of the people, replacing the hierarchical command structures of capitalist companies with self-government of the immediate producers, might be developed, particularly in regions that do not have locational or competitive advantages. This could create much needed space for radical political alternatives.

REVIEW

Venezuela

Who Could Have Imagined?

DOUG DOWD

Michael A. Lebowitz, *Build It Now: Socialism for the Twenty-First Century* (New York: Monthly Review Press, 2006), 127 pages, paperback, $14.95.

This short work consists of two parts: analytical and programmatic. The analytical emphasis is upon the most important crime of capitalism: namely—its *dependence* upon alienation/dehumanization.

Lebowitz first shows the indisputable need to do away with—not "reform"—capitalism; then he continues to take on the problems that must be dealt with and resolved in a worker-controlled *non*-capitalist society, and the need all along the way to overcome the broad range of difficulties requiring "re-humanization."

His reasoning for both analysis and program depends upon Marx from beginning to end, with an initial and vital emphasis upon Marx's earliest writings, *The Economic and Philosophic Manuscripts of 1844. His point* of departure programmatically is focused upon the directions and problems confronting what has recently emerged as the most promising country: Venezuela.

The book's first three chapters focus upon how and why Marx's reasoning applies with even greater strength in today's world than it did in his own time—if only because capitalism has had well over a century to wreak its destructive ways and means, displayed most effectively and dangerously in the dehumanization of the dominant capitalist society: the United States.

Lebowitz has done an excellent job of updating Marxian analysis. He does this with a clarity that makes Marx's often difficult analyses accessible to all, especially what Marx taught us about capital's need and ability to alienate us from our humanity and hammer that down with its control over our hearts and minds: "The ideas of the ruling class in every epoch are the ruling ideas....the class which is the ruling material force is at the same time its ruling intellectual force."

Fifty years ago Orwell modernized that argument when he wrote of

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"doublethink" and its relatives. Orwell's world is to today's media—its techniques and control by giant corporations—what the Wright brothers' plane is to a space ship: We are ruled over by the consciousness industry and its mind managers—and, what's more, we are liking it.

All the more important then, that we understand it, get serious, and organize. Who? Everyone. Against what? Capitalism. For what? Democratic socialism. Where? Everywhere. In what ways? See below.

All of those and related questions are in some degree discussed and answered as well as could be in such a short book: succinctly, clearly, and admirably. Lebowitz does not provide blueprints, but he does give a badly needed and readable set of rough guidelines. Taken together, they usefully show what he has in mind by "socialism for the twenty-first century."

It is relevant to note that after his retirement from a long teaching career in Canada Lebowitz moved to Venezuela—just in time to be an on-the-spot observer of its ongoing shift to a "new" left in the last few years.

Central to his call for "socialism in the twenty-first century" are his critiques of the reformism characteristic of left politics and programs since the Second World War, and the ease with which those reforms have been undone and reversed—a reversal initially achieved by Britain's Margaret Thatcher (and her "there is no alternative") and embraced by Reagan and Clinton and the neoconservatives in the United States (and on the Continent).

Lebowitz agrees that there is "no alternative" *within* the capitalist system. However, he asks and implicitly answers:

> Is there no alternative to an economic system that relies upon the propertylessness of the mass of the people to compel them to work to produce profits for those who do own? Is there no alternative to a system in which the foundations of human wealth, human beings and nature, are treated as mere means for the generation of private monetary wealth, means often destroyed in the process? Is there no alternative to a system whose very logic is to divide and separate people, to preclude the possibilities for human solidarity?

In the ensuing discussion, he emphasizes the need to confront, shake off, and replace the "ruling ideas, attitudes, and values" we have absorbed by living in a capitalist world; and that to do so, as Marx argued, we must confront years of struggle, to *unlearn* if we are to able to *learn*: "not only in order to bring about a change in society but also to change yourselves...workers know that they will have to pass through long struggles...transforming circumstances and men....so people can rid themselves of the muck of ages."

To which, it needs adding, there's a lot more *muck* to get rid of today than in Marx's time; and, for just those reasons, there is a stronger need to do so. As *MR* readers will know, U.S. struggles for a decent existence have mostly been focused upon alleviating this or that outrage (dirt wages, dangerous working conditions, little or no health care, no or stingy pensions, etc.)—all of which have been and remain essential. But all of which, although absolutely necessary, must be seen as against *one* reality or another, but not against *capitalism* itself—not *for* the utterly different, decent, truly democratic, *non*-capitalist *society* "in which the full development of human potential is paramount."

Chapter 4, accurately entitled "Reclaiming a Socialist Vision," ends with this question:

> Who these days could possibly think that the full development of human potential is compatible with patriarchy, racism, imperialism or hierarchy, to name just a few sources of oppression? In the various struggles of people for human dignity and social justice, a vision of an alternative socialist society has always been latent. Let us reclaim and renew that vision.

In the United States, a sickening percentage up to now have belonged in that "who"; they have been socialized to ignore those sources of oppression and have learned to blame the victim even when they are among those victimized.

Is there no way out? Of course there is; but it is a path up a steep and slippery slope, littered with obstacles. It is essential for us to explain the wrongs and dangers of capitalism and the deep need to work for a fully democratic, socialist, *non-capitalist* society; one that has done away with the inequalities of income, wealth, and power which, in its turn, requires eliminating the discriminatory racism and sexism that facilitate those inequalities. In short, we must work for a society democratic in its economy, politics, and social relationships.

Yet, all of us, on the left or not, have an enormous amount of thought and feeling to shake loose from our largely unconscious discriminatory attitudes regarding poverty and inequality, and our unwitting acceptance of an economic system that runs roughshod over human social development. We must awaken to the fact that almost all of us have trod the same treacherous ground throughout our lives—constructed by and for the benefit of a privileged few.

That such a mental and emotional housecleaning is so badly-needed—and so difficult—is a major reason why "socialism will not drop from the sky." Of course, another reason is that capitalists will always fight back, with any means necessary, as they have in Italy, Germany, Spain, Greece, Cuba, Chile, and the Congo, to name a few well-known examples.

Venezuela is a recent example; there the United States encouraged the

coup in 2002 that failed—even though Venezuela had yet to begin to embark on its present socialist path. At first, and necessarily, Chávez focused upon Venezuela's breakaway from its long colonial/imperialized history; only in the past two or three years has that breakaway been made into a systematic effort toward building a socialist society.

As it has done so, Chávez has become more popular; and, whether Washington knows it or not, our long exploitation of Venezuela is nearing its end. Venezuela, because if its oil riches, is able to assist several other Latin American countries that are also challenging U.S.-led globalization/imperialism. While these countries remain distinctly behind Venezuela in regards to socialism, Chávez is consciously and wisely attempting to narrow this gap through internationalism.

Some of this book's strength arises from the fact that as the Venezuelan transformation was in its early stages, Lebowitz was invited by the Chávez government to discuss worker self-management—a subject informed by his earlier studies of broadly similar, but failed, efforts in Tito's Yugoslavia—at two international conferences held in Caracas. He is convinced—and convincing—that worker self-management is the essential path to follow if a truly democratic *non*-capitalist society is to thrive and endure. It never came close to being achieved under Tito, and Lebowitz makes it clear that it still has a long way to go in Venezuela. Thus the book's sixth chapter: "Seven Difficult Questions."

The seven are concerned with the complicated problems needing serious attention and resolution if worker self-management and democratic socialism are to be viable. Here I present only the questions. They have to be dealt with now in Venezuela, but also worked through here and now by all who are seeking to bring their own societies to the point where such questions need answers; and the sooner the better:

1. How do we break down the division within the enterprise between those who *think* and those who *do*?
2. What should be done in a worker-managed enterprise when sales fall?
3. What should be the role in worker self-management of competition between workers in different enterprises?
4. What responsibility do workers in self-managed enterprises have for the unemployed and the excluded? Who is responsible for creating jobs?
5. In a system of worker self-management, who looks after the interests of the working class as a whole?
6. Should worker-managed enterprises be allowed to fail?
7. How can solidarity between worker-managed enterprises and society as a whole be incorporated directly into those enterprises?

Put differently, it is essential to recognize that for socialism to be a success in its own terms, those building it must recognize and act upon

the imperative put forth by Chávez (in 2005): "Workers are entitled to demand fair wages and other benefits....They are also called upon to be a fundamental element of social transformation."

My first reaction to the above questions was how sweet it would be to face such difficulties. But such difficulties are surely even more difficult than they seem at first glance; especially when we consider how much socialized "muck" we must clean out of our ways of thinking and feeling if *we* are to control our own lives, instead of the brutes who now run the world.

The book's last chapter—"The Revolution of Radical Needs"—is concerned with just that; it begins with this apt quote from Marx: "Only a revolution of radical needs can be a radical revolution....To be radical is to grasp the root of the matter. But, for man, the root is man himself."

Finally, as I considered these difficulties (and inwardly thanked Lebowitz for having raised them), I also found myself pondering still another large question, concerning both rich and poor nations whose people may seek to create a path toward socialism. What conditions will help other countries pursue socialism in the twenty-first century? They do not and are not likely to have the same advantages as Venezuela, which is rich in oil, the most vital of all resources. As it moves to break entirely free of outside control, Venezuela has substantial financial strength to fund a social revolution at home (in education, health, housing, etc.).

Also underway has been its growing assistance to other Latin American societies shifting to the left—nurturing what in the next decade seems likely to evolve into a Latin American *regional* economy (its initial members are likely to include Argentina, Bolivia, Brazil, Chile, and Ecuador as well as much of Central America and the Caribbean). As a result, we may be approaching the end of colonialism/imperialism and exploitative globalization in Latin America thanks to the lead taken by Venezuela.

Unfortunately, such optimism is much less applicable in Africa, Central Asia, and the Middle East. Nor is a meaningful break toward democratic socialism likely in Europe or the United States. In the rich countries, the mind-managed, self-destructive brew of consumerism, militarism, imperialism, Evangelical Christianity, and apathy still holds sway. For most in the poor countries, those follies are not even dreamt of by any but a small minority. In a nutshell, the large majority of peoples of the *imperialized* world have not been as bewitched as the relatively well-off people of the *imperializing* world.

Nonetheless, Lebowitz's book attests that there is reason for hope. How many of us could have imagined the Venezuela of today, even as recently as fifteen years ago?

Commentary from

Monthly Review
May 2007, Vol.59, No.1

An Independent Socialist Magazine Founded in 1949

LEO HUBERMAN, *Editor, 1949-1968*; PAUL M. SWEEZY, *Editor, 1949-2004*;
HARRY MAGDOFF, *Editor, 1969-2006*

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Recent attempts, however tentative, by Congressional Democrats to establish a timetable for the withdrawal of U.S. combat forces from Iraq should be looked upon as a victory for the antiwar movement. Not only is the Democratic Party clearly aware that its current congressional majority was the result of popular dissatisfaction with the war, but nationwide antiwar rallies have recently driven the point home. Under these circumstances, the Democrats had no choice but to challenge administration policy on the war. However, it would be a grave mistake to conclude from this that the political establishment in the United States is severely split on the question of imperialism, or that the Democratic Party is shifting towards a general anti-imperialist stance. On this issue a very insightful commentary entitled "But Who's Against the Next War?" was provided by David Rieff, a contributing writer for the *New York Times Magazine* in its March 25, 2007, issue. Rieff points out that the Democratic leaders need to be judged not simply on the basis of their belated, limited opposition to the present war, but also on the basis of their position in relation to the "next war." Here the Democratic leadership is presently in lockstep with the administration, insisting that military intervention against Iran should remain "on the table."

Indeed, as Rieff points out, the leading Democrats "seem to base their logic for a drawdown in Iraq not on the desirability of bringing troops home but of being able to deploy them elsewhere," arguing that "Iraq is a distraction in the global fight against the jihadists and that

leaving Iraq will free up forces to pursue that struggle more effectively elsewhere": Afghanistan, Iran, Darfur, or other hot spots around the globe. "National-greatness liberalism," associated with Democratic presidents from Truman to Johnson, is being lauded by today's liberals as the original "muscular foreign policy," in no way less commanding in its global presence than neoconservatism. One way to sum this up is to say that the U.S. ruling class, which controls both arms of the political establishment, is firmly in support of the present phase of naked imperialism, which is the very definition of today's bipartisan foreign policy. Although there are definite foreign policy differences between the political-party establishments they do not extend to the imperial grand strategy as a whole.

Subscribers have by now received—or will soon—our appeal for funds needed to sustain Monthly Review Press, the book publishing-arm of *Monthly Review*. MR Press, which is in immediate need of a cash infusion, is an invaluable resource. This can be seen in some of the titles that it is about to publish: *The Politics of Immigration: Questions and Answers* by longtime activists Jane Guskin and David Wilson; *Inside Lebanon: Journey to a Shattered Land with Noam Chomsky*, featuring essays by Chomsky and organized around a trip that he made to Lebanon shortly before the Israeli invasion of last summer; *Biology Under the Influence: Dialectical Essays on Ecology, Agriculture and Health* by eminent biologists Richard Lewontin and Richard Levins; and *More Unequal: Aspects of Class in the United States*, edited by MR associate editor Michael D. Yates. We have other books in the offing by Robert McChesney and István Mészáros. If you would like to see such books in the hands of young readers new to activism or on the table next to your chair, send your tax-deductible contribution immediately.

With the help of a succession of enterprising interns, the entire archive of *Monthly Review* since volume 1, number 1 of May 1949, an unparalleled intellectual resource, will soon be available on our Web site, http://www.monthlyreview.org, exclusively to subscribers to the print magazine. For individual subscribers, look for the password at the top of the inside back cover in the June issue.

Also beginning in May 2006 our subscription rates have been raised. The individual annual subscription rate—now $39—was last increased ten years ago, and our costs have gone up considerably since then. If you renew for two or three years there are substantial savings in the new rate schedule. Any subscriber whose financial situation makes payment of the increase impossible should write to us and we will make the appropriate adjustment.

Robert Engler, who died on February 23, aged eighty-four, wrote for *Monthly Review*, was a friend and colleague of *MR* editors Harry Magdoff and Paul Sweezy, and an occasional and lively participant in the

old Wednesday "brown bag" lunches. He is perhaps best known for his pioneering *The Politics of Oil: A Study of Private Power and Democratic Directions* (1961) which documented the ways in which the power of giant oil corporations was used in aid of the global interests of U.S. capitalism. The work was deeply influential and even prompted numerous investigations by Congress and the press.

Following the oil crisis of the early 1970s Engler published a sequel, *The Brotherhood of Oil: Energy Policy and the Public Interest* (1977), an equally penetrating study of the political economy of international oil and its crucial role in the elaboration of U.S. imperial interests. In it he offered groundbreaking analyses of the network of controls over the flow of energy Washington employs through both government and corporations wherever petroleum is produced and used. Taking a broad view, Engler looked at the ways in which U.S. control of oil resources was used in the blockade against Cuba, its policy in Asia, the arms race in the Middle East, and the thwarting of international efforts at safeguarding the environment. In the later part of his career he published numerous, often passionate, articles about the destructive ecological impact of U.S. carbon fuel dominance. His views were informed not only by a clear understanding of both imperial and environmental realities, but by a deep moral commitment to the imperatives of social justice.

POLITICS & ECONOMICS OF IMPERIALISM

(A selection of essays of Paul Sweezy in Bengali)
editor : Dipankar Chakrabarti

On February 15, the book was inaugurated by
Prof. Asoke Mitra,
a reknowned Marxist Economist, at a function at
Kolkata Book Fair.

The publisher of the book is:
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(continued from inside back cover)

of these grains, currently need 604 million tons annually. The available surplus comes down to less than 80 million tons.

This colossal waste of cereals for producing fuel, without including oleaginous seeds, would serve only to save the rich countries less than 15 percent of what is annually consumed by their voracious automobiles. In Camp David, Bush has stated his intention of applying this formula on a world scale, which means nothing else than the internationalization of genocide.

Castro continued, here and in the April 30th piece, to savage the notion that planting of sugar cane on pasturage in Brazil was a feasible environmentally neutral alternative. A program so vast would be a nightmare both for the environment and for the sugar workers. And all must admit that Castro knows of what he speaks when the subject is sugar cane.

Convalescing, Castro re-emerged with a longer view, doubtless the product of his encounter with his own mortality. Yet he speaks with immediacy to the Indian situation. Days after his first intervention the United Nations Intergovernmental Panel on Climate Change (IPCC) released a report warning, among other things, that *per capita* water availability in India is expected to fall from 1,820 cubic metres per year in 2001 to 1,140 cubic metres in 2050, and that higher winter temperatures would reduce cereal yields, resulting in food emergencies. Rajendra Pachauri, Chairman of the IPCC, said that on a scale of 0 to 10, India's preparedness for impending climate change is 0.5.

Even in India, in the face of deforestation (in 1950 India had over 40 million hectares of forest of which at most half remain), water emergencies, and climate change threats to food supplies (already in some pockets fragile from the less publicized—and negative—consequences of the so-called "green revolution" along with the overall backwardness of Indian agriculture), we see a corporate for-profit offensive on behalf of agrifuels. In 2002 a notification issued declaring it mandatory to use a 5% ethanol blend in petrol in nine states and four union territories, beginning January 1, 2003. Fortunately it could not be implemented.

Today a publicity campaign trumpets the virtues of biodiesel to be derived from plantations of jatropha, a wild bush that grows abundantly in semi-arid land. Daimler Chrysler India Ltd., Tata Motors, Garware Chemicals and others are involved. The claim is made that jatropha will neither replace food crops nor compete for scarce water, since it can be grown in semi-arid wasteland. But both claims are false; substantial irrigation is required to begin such plantations and there is insufficient concentrated accessible wasteland to sustain any but a minimal and insignificant crop—for commercial success it has been said that the minimum area under cultivation should be 200 hectares and that inputs of irrigation and fertilizers are required. In addition, jatropha is poisonous, and is a common cause of accidental poisoning among children.

There is something quite deranged if not criminal in plans that would inevitably replace food crops with a poisonous weed in the interest of lowering the cost of diesel. At root is the difficult truth set out by Fidel Castro; in the market the demand of the rich for fuel for their cars will win out every time over the demand of the starving poor for food. The imperial neoliberal program for an international market in agrifuels is indeed "the internationalization of genocide."

(continued from inside front cover)

course, this is after voluminous investments only within the reach of the most powerful enterprises, in which everything has to be moved on the basis of electricity and fuel consumption. Apply that recipe to the countries of the Third World and you will see that people among the hungry masses of the Earth will no longer eat corn. Or something worse: lend funding to poor countries to produce ethanol based on corn or any other food and not a single tree will be left to defend humanity from climate change.

Other countries in the rich world are planning to use not only corn but also wheat, sunflower seeds, rapeseed and other foods for fuel production. For the Europeans, for example, it would become a business to import all of the world's soybeans with the aim of reducing the fuel costs for their automobiles and feeding their animals with the chaff from that legume, particularly rich in all types of essential amino acids.

On March 31, 2007, Brazil's President Luis Inacio da Silva ("Lula") met with Bush at Camp David. A day earlier the *Washington Post* had published an article by Lula setting the upcoming meeting in the context of a joint U.S.-Brazilian initiative to create a global market in biofuels. Lula answered the objection that the substitution of ethanol for fossil fuels would diminish food production by claiming that increased ethanol production in Brazil would take place by growing sugar cane on pasturage. Castro's intervention now appeared in a new light, a challenge to an emerging global neoliberal offensive on the environment and on the masses of hungry poor in the third world. Brazilian neoliberals and the U.S. "National Security Advisor" for Latin America at once attacked Castro. His response, on April 4th, went immediately to the heart of the matter:

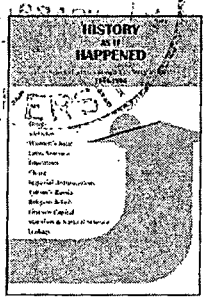
Nobody at Camp David responded to the main question. Where and who is going to supply the more than 500 million tons of corn and other cereals that the United States, Europe and the rich countries need to produce the volume of gallons of ethanol that the big U.S. companies and those of other countries are demanding as compensation for their sizeable investments? Where and who is going to produce the soy beans, the sunflower and colza seeds, whose essential oils are going to be converted by those same rich countries into fuel?

A number of countries produce and export their surplus food. The balance between exporters and consumers was already tense, making the prices of those foodstuffs shoot up.....The five top producers of the corn, barley, sorghum, rye, millet and oats that Bush wants to turn into raw materials for producing ethanol supply 679 million tons to the world market, according to recent data. In their turn, the five top consumers, some of which are also producers

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Editor: Subhas Aikat

ELIZABETH WRIGLEY-FIELD on *Hippocratic Hypocrisy in the War on Terror*

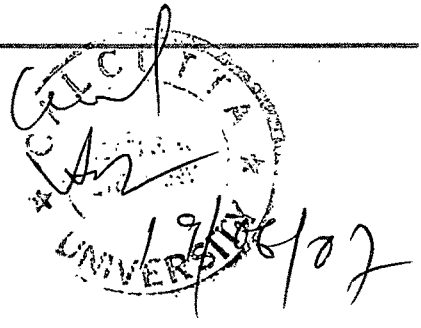
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Wage Stagnation and the U.S. Working Class
WILLIAM K. TABB

Imminent Crises
Threats & Opportunities in the Middle East & Globally

NOAM CHOMSKY



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Editorial

Some of the respected friends of *Analytical Monthly Review* have recently argued to us on the basis of various election results that the threat of Hindutva fascism has abated, if not disappeared. We are not persuaded. Rather, it seems to us on the basis of events in Chhattisgarh that a more dangerous and virulent form of fascism, marked by an alliance of the Hindutva fascists with domestic and international capital, union level Congress officials, security commanders and the judiciary, is emerging right in the heartland of India.

The renowned public-spirited paediatrician Dr. Binayak Sen is General Secretary, People's Union for Civil Liberties ("PUCL"), Chhattisgarh and the Vice-President, National PUCL. He was arrested May 14th, 2007, under the provisions of the Black Laws (The Chhattisgarh Special Public Security Act, 2005 (CSPSA), and the Unlawful Activities (Prevention) Act, 1967 as amended in 2004). The CSPSA, a creation of the Manmohan Singh regime, provides for arbitrary detention backed by an 'ouster of jurisdiction' clause providing that action under the "Act by any officer authorized by the government for this purpose or by the District Magistrate shall not be questioned before any court." The charges are farcical: meetings with Narayan Sanyal, an imprisoned leader of the Communist Party of India

(continued on inside back cover)

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Imminent Crises

Threats and Opportunities

NOAM CHOMSKY

Regrettably, there are all too many candidates that qualify as imminent and very serious crises. Several should be high on everyone's agenda of concern, because they pose literal threats to human survival: the increasing likelihood of a terminal nuclear war, and environmental disaster, which may not be too far removed. However, I would like to focus on narrower issues, those that are of greatest concern in the West right now. I will be speaking primarily of the United States, which I know best, and it is the most important case because of its enormous power. But as far as I can ascertain, Europe is not very different.

The area of greatest concern is the Middle East. There is nothing novel about that. I often have to arrange talks years in advance. If I am asked for a title, I suggest "The Current Crisis in the Middle East." It has yet to fail. There's a good reason: the huge energy resources of the region were recognized by Washington sixty years ago as a "stupendous source of strategic power," the "strategically most important area of the world," and "one of the greatest material prizes in world history."[1] Control over this stupendous prize has been a primary goal of U.S. policy ever since, and threats to it have naturally aroused enormous concern.

For years it was pretended that the threat was from the Russians, the routine pretext for violence and subversion all over the world. In the case of the Middle East, we do not have to consider this pretext, since it was officially abandoned. When the Berlin Wall fell, the first Bush administration released a new National Security Strategy, explaining that everything would go as before but within a new rhetorical framework. The massive military system is still necessary, but now because of the "technological sophistication of third world powers"—which at least comes closer to the truth—the primary threat, worldwide, has been indigenous nationalism. The official document explained further that the United States would maintain its intervention forces aimed at the Middle

Noam Chomsky is Institute Professor and Professor of Linguistics Emeritus at the Massachusetts Institute of Technology. This article is based on a talk delivered May 12, 2006, in Beirut, two months before Israel began its military campaign against Lebanon on July 13, 2006. It appears in *Inside Lebanon: Journey to a Shattered Land with Noam and Carol Chomsky* (published by Monthly Review Press).

East, where "the threat to our interests" that required intervention "could not be laid at the Kremlin's door," contrary to decades of fabrication.[2] As is normal, all of this passed without comment.

The most serious current problem in the minds of the population, by far, is Iraq. And the easy winner in the competition for the country that is the most feared is Iran, not because Iran really poses a severe threat, but because of a drumbeat of government-media propaganda. That is a familiar pattern. The most recent example is Iraq. The invasion of Iraq was virtually announced in September 2002. As we now know, the U.S.-British invasion was already underway in secret. In that month, Washington initiated a huge propaganda campaign, with lurid warnings by Condoleezza Rice and others that the next message from Saddam Hussein would be a mushroom cloud in New York City. Within a few weeks, the government-media propaganda barrage had driven Americans completely off the international spectrum. Saddam may have been despised almost everywhere, but it was only in the United States that a majority of the population were terrified of what he might do to them, tomorrow. Not surprisingly, support for the war correlated very closely with such fears. That has been achieved before, in amazing ways during the Reagan years, and there is a long and illuminating earlier history. But I will keep to the current monster being crafted by the doctrinal system, after a few words about Iraq.

There is a flood of commentary about Iraq, but very little reporting. Journalists are mostly confined to fortified areas in Baghdad, or embedded within the occupying army. That is not because they are cowards or lazy, but because it is simply too dangerous to be anywhere else. That has not been true in earlier wars. It is an astonishing fact that the United States and Britain have had more trouble running Iraq than the Nazis had in occupied Europe, or the Russians in their East European satellites, where the countries were run by local civilians and security forces, with the iron fist poised if anything went wrong but usually in the background. In contrast, the United States has been unable to establish an obedient client regime in Iraq, under far easier conditions.

Putting aside doctrinal blinders, what should be done in Iraq? Before answering, we should be clear about some basic principles. The major principle is that an invader has no rights, only responsibilities. The first responsibility is to pay reparations. The second responsibility is to follow the will of the victims. There is actually a third responsibility: to bring criminals to trial, but that obligation is so remote from the imperial mentality of Western culture that I will put it aside.

The responsibility to pay reparations to Iraqis goes far beyond the crime of aggression and its terrible aftermath. The United States and Britain have been torturing the population of Iraq for a long time. In recent history, both governments strongly supported Saddam Hussein's

terrorist regime through the period of his worst crimes, and long after the end of the war with Iran. Iran finally capitulated, recognizing that it could not fight the United States, which was, by then, openly participating in Saddam's aggression—something that Iranians have surely not forgotten, even if Westerners have. Dismissing history is always a convenient stance for those who hold the clubs, but their victims usually prefer to pay attention to the real world. After the Iran-Iraq war, Washington and London continued to provide military equipment to their friend Saddam, including means to develop weapons of mass destruction and delivery systems. Iraqi nuclear engineers were even being brought to the United States for instruction in developing nuclear weapons in 1989, long after Saddam's worst atrocities and Iran's capitulation.

Immediately after the 1991 Gulf War, the United States and the United Kingdom returned to their support for Saddam when they effectively authorized him to use heavy military equipment to suppress a Shi'ite uprising that might well have overthrown the tyrant. The reasons were publicly explained. The *New York Times* reported that there was a "strikingly unanimous view" among the United States and its allies, Britain and Saudi Arabia, that "whatever the sins of the Iraqi leader, he offered the West and the region a better hope for his country's stability than did those who have suffered his repression"; the term "stability" is a code word for "following orders."[3] *New York Times* chief diplomatic correspondent Thomas Friedman explained that "the best of all worlds" for Washington would be an "iron-fisted military junta" ruling Iraq just the way Saddam did. But lacking that option, Washington had to settle for second-best: Saddam himself. An unthinkable option—then and now—is that Iraqis should rule Iraq independently of the United States.

Then followed the murderous sanctions regime imposed by the United States and Britain, which killed hundreds of thousands of people, devastated Iraqi civilian society, strengthened the tyrant, and forced the population to rely on him for survival. The sanctions probably saved Saddam from the fate of other vicious tyrants, some quite comparable to him, who were overthrown from within despite strong support from the United States and United Kingdom to the end of their bloody rule: Ceausescu, Suharto, and quite a rogues gallery of others, to which new names are being added regularly. Again, all of this is boring ancient history for those who hold the clubs, but not for their victims, or for people who prefer to understand the world. All of those actions, and much more, call for reparations, on a massive scale, and the responsibility extends to others as well. But the deep moral-intellectual crisis of imperial culture prevents any thought of such topics as these.

The second responsibility is to obey the will of the population. British and U.S. polls provide sufficient evidence about that. The most recent

polls find that 87 percent of Iraqis want a "concrete timeline for US withdrawal," up from 76 percent in 2005.[4] If the reports really mean Iraqis, as they say, that would imply that virtually the entire population of Arab Iraq, where the U.S. and British armies are deployed, wants a firm timetable for withdrawal. I doubt that one would have found comparable figures in occupied Europe under the Nazis, or Eastern Europe under Russian rule.

Bush-Blair and associates declare, however, that there can be no timetable for withdrawal. That stand in part reflects the natural hatred for democracy among the powerful, often accompanied by eloquent calls for democracy. The calls for democracy moved to center stage after the failure to find weapons of mass destruction in Iraq, so a new motive had to be invented for the invasion. The president announced the doctrine to great acclaim in November 2003, at the National Endowment for Democracy in Washington. He proclaimed that the real reason for the invasion was not Saddam's weapons programs, as Washington and London had insistently claimed, but rather Bush's messianic mission to promote democracy in Iraq, the Middle East, and elsewhere. The media and prominent scholars were deeply impressed, relieved to discover that the "liberation of Iraq" is perhaps the "most noble" war in history, as leading liberal commentators announced—a sentiment echoed even by critics, who objected that the "noble goal" may be beyond our means, and those to whom we are offering this wonderful gift may be too backward to accept it. That conclusion was confirmed a few days later by U.S. polls in Baghdad. Asked why the United States invaded Iraq, some agreed with the new doctrine hailed by Western intellectuals: 1 percent agreed that the goal was to promote democracy. Another 5 percent said that the goal was to help Iraqis.[5] Most of the rest took for granted that the goals were the obvious ones that are unmentionable in polite society—the strategic-economic goals we readily attribute to enemies, as when Russia invaded Afghanistan or Saddam invaded Kuwait, but are unmentionable when we turn to ourselves.

But rejection of the popular will in Iraq goes far beyond the natural fear of democracy on the part of the powerful. Simply consider the policies that are likely to be pursued by an independent and more or less democratic Iraq. Iraqis may have no love for Iran, but they would doubtlessly prefer friendly relations with their powerful neighbor. The Shi'ite majority already has ties to Iran and has been moving to strengthen them. Furthermore, even limited sovereignty in Iraq has encouraged efforts by the harshly repressed Shi'ite population across the border in Saudi Arabia to gain basic rights and perhaps autonomy. That is where most of Saudi Arabia's oil happens to be.

Such developments might lead to a loose Shi'ite alliance controlling the world's major energy resources and independent of Washington, the

ultimate nightmare in Washington—except that it might get worse: the alliance might strengthen its economic and possibly even military ties with China. The United States can intimidate Europe: when Washington shakes its fist, leading European business enterprises pull out of Iran. But China has a three-thousand-year history of contempt for the barbarians: they refuse to be intimidated.

That is the basic reason for Washington's strategic concerns with regard to China: not that it is a military threat, but that it poses the threat of independence. If that threat is unacceptable for small countries like Cuba or Vietnam, it is certainly so for the heartland of the most dynamic economic region in the world, the country that has just surpassed Japan in possession of the world's major financial reserves and is the world's fastest growing major economy. China's economy is already about two-thirds the size of that of the United States, by the correct measures, and if current growth rates persist, it is likely to close that gap in about a decade—in absolute terms, not per capita of course.

China is also the center of the Asian Energy Security Grid and the Shanghai Cooperation Organization, which includes the Central Asian countries, and just a few weeks ago, was joined by India, Iran, and Pakistan as observers, soon probably members. India is undertaking significant joint energy projects with China, and it might join the Energy Security Grid. Iran may as well, if it comes to the conclusion that Europe is so intimidated by the United States that it cannot act independently. If Iran turns to the East, it will find willing partners. A major conference on energy last September in Teheran brought together government officials and scholars from Iran, China, Pakistan, India, Russia, Egypt, Indonesia, Georgia, Venezuela, and Germany, planning an extensive pipeline system for the entire region and also more intensive development of energy resources. Bush's recent trip to India, and his authorization of India's nuclear weapons program, is part of the jockeying over how these major global forces will crystallize. A sovereign and partially democratic Iraq could be another contribution to developments that seriously threaten U.S. global hegemony, so it is not at all surprising that Washington has sought in every way to prevent such an outcome, joined by "the spear carrier for the *pax americana*," as Blair's Britain is described by Michael MccGwire in Britain's leading journal of international affairs.[6]

If the United States were compelled to grant some degree of sovereignty to Iraq, and any of these consequences would ensue, Washington planners would be facing the collapse of one of their highest foreign policy objectives since the Second World War, when the United States replaced Britain as the world-dominant power: the need to control "the strategically most important area of the world." What has been central to planning is control, not access, an important distinction. The

United States followed the same policies long before it relied on a drop of Middle East oil, and would continue to do so if it relied on solar energy. Such control gives the United States "veto power" over its industrial rivals, as explained in the early postwar period by influential planners, and reiterated recently with regard to Iraq: a successful conquest of Iraq would give the United States "critical leverage" over its industrial rivals, Europe and Asia, as pointed out by Zbigniew Brzezinski, an important figure in the planning community. Vice President Dick Cheney made the same point, describing control over petroleum supplies as "tools of intimidation and blackmail"—when used by others.[7] He went on to urge the dictatorships of Central Asia, Washington's models of democracy, to agree to pipeline construction that ensures that the tools remain in Washington's hands.

The thought is by no means original. At the dawn of the oil age almost ninety years ago, Britain's first lord of the admiralty Walter Hume Long explained that "if we secure the supplies of oil now available in the world we can do what we like."[8] Woodrow Wilson also understood this crucial point. Wilson expelled the British from Venezuela, which by 1928 had become the world's leading oil exporter, with U.S. companies then placed in charge. To achieve this goal, Wilson and his successors supported the vicious and corrupt dictator of Venezuela and ensured that he would bar British concessions. Meanwhile the United States continued to demand—and secure—U.S. oil rights in the Middle East, where the British and French were in the lead.

We might note that these events illustrate the actual meaning of the "Wilsonian idealism" admired by Western intellectual culture, and also provide the real meaning of "free trade" and the "open door." Sometimes that is even officially acknowledged. When the post-Second World War global order was being shaped in Washington, a State Department memorandum on U.S. petroleum policy called for preserving absolute U.S. control of Western hemisphere resources "coupled with insistence upon the Open Door principle of equal opportunity for United States companies in new areas."[9] That is a useful illustration of "really existing free market doctrine": What we have, we keep, closing the door to others; what we do not yet have, we take, under the principle of the Open Door. All of this illustrates the one really significant theory of international relations, the maxim of Thucydides: the strong do as they can, and the weak suffer as they must.

With regard to Iraq today, talk about exit strategies means very little unless these realities are confronted. How Washington planners will deal with these problems is far from clear. And they face similar problems elsewhere. Intelligence projections for the new millennium were that the United States would control Middle East oil as a matter of course, but would itself rely on more stable Atlantic Basin reserves: West African

dictatorships' and the Western hemisphere's. But Washington's postwar control of South America, from Venezuela to Argentina, is seriously eroding. The two major instruments of control have been violence and economic strangulation, but each weapon is losing its efficacy. The latest attempt to sponsor a military coup was in 2002, in Venezuela, but the United States had to back down when the government it helped install was quickly overthrown by popular resistance, and there was turmoil in Latin America, where democracy is taken much more seriously than in the West and overthrow of a democratically elected government is no longer accepted quietly. Economic controls are also eroding. South American countries are paying off their debts to the IMF—basically an offshoot of the U.S. Treasury department. More frightening yet to Washington, these countries are being aided by Venezuela. The president of Argentina announced that the country would "rid itself of the IMF." Rigorous adherence to IMF rules had led to economic disaster, from which the country recovered by radically violating the rules. Brazil too had rid itself of the IMF, and Bolivia probably will as well, again aided by Venezuela. U.S. economic controls are seriously weakening.

Washington's main concern is Venezuela, the leading oil producer in the Western hemisphere. The U.S. Department of Energy estimates that its reserves might be greater than Saudi Arabia's if the price of oil stays high enough for exploitation of its expensive extra-heavy oil to become profitable. Extreme U.S. hostility and subversion has accelerated Venezuela's interest in diversifying exports and investment, and China is more than willing to accept the opportunity, as it is with other resource-rich Latin American exporters. The largest gas reserves in South America are in Bolivia, which is now following much the same path as Venezuela. Both countries pose a problem for Washington in other respects. They have popularly elected governments. Venezuela leads Latin America in support for the elected government, increasing sharply in the past few years under Chávez. He is bitterly hated in the United States because of his independence and enormous popular support. Bolivia just had a democratic election of a kind next to inconceivable in the West. There were serious issues that the population understood very well, and there was active participation of the general population, who elected someone from their own ranks, from the indigenous majority. Democracy is always frightening to power centers, particularly when it goes too far beyond mere form and involves actual substance.

Commentary on what is happening reveals the nature of the fears. London's *Financial Times* warned that President Evo Morales of Bolivia is becoming increasingly "authoritarian" and "undemocratic." This is a serious concern to Western powers, who are dedicated to freedom and democracy everywhere. The proof of his authoritarian stance and departure from democratic principles is that he followed the will of 95

percent of the population and nationalized Bolivia's gas resources, and is also gaining popularity by cutting public salaries and eliminating corruption. Morales's policies have come to resemble the frightening leader of Venezuela. As if the popularity of Chávez's elected government was not proof enough that he is an anti-democratic dictator, he is attempting to extend to Bolivia the same programs he is instituting in Venezuela: helping "Bolivia's drive to stamp out illiteracy and pay[ing] the wages of hundreds of Cuban doctors who have been sent to work there" among the poor, to quote the *Financial Times'* lament.[10]

The latest Bush administration's National Security Strategy, released March 2006, describes China as the greatest long-term threat to U.S. global dominance. The threat is not military, but economic. The document warns that Chinese leaders are not only "expanding trade, but acting as if they can somehow 'lock up' energy supplies around the world or seek to direct markets rather than opening them up."[11] In the U.S.-China meetings in Washington a few weeks ago, President Bush warned President Hu Jintao against trying to "lock up" global supplies. Bush condemned China's reliance on oil from Sudan, Burma, and Iran, accusing China of opposition to free trade and human rights—unlike Washington, which imports only from pure democracies that worship human rights, like Equatorial Guinea, one of the most vicious African dictatorships; Colombia, which has by far the worst human rights record in Latin America; Central Asian states; and other paragons of virtue. No respectable person would accuse Washington of "locking up" global supplies when it pursues its traditional "open door policy" and outright aggression to ensure that it dominates global energy supplies, firmly holding "the tools of intimidation and blackmail." It is interesting, perhaps, that none of this elicits ridicule in the West, or even notice.

The lead story in the *New York Times* on the Bush-Hu meeting reported that "China's appetite for oil also affects its stance on Iran....The issue [of China's effort to 'lock up' global supplies] is likely to come to a particular head over Iran," where China's state-owned oil giant signed a $70 billion deal to develop Iran's huge Yadavaran oil field.[12] That's a serious matter, compounded by Chinese interference even in Saudi Arabia, a U.S. client state since the British were expelled during the Second World War. This relationship now threatened by growing economic and even military ties between China and the Kingdom of Saudi Arabia, now China's largest trading partner in West Asia and North Africa—perhaps further proof of China's lack of concern for democracy and human rights. When President Hu visited Washington, he was denied a state dinner, in a calculated insult. He cheerfully reciprocated by going directly to Saudi Arabia, a serious slap in the face to Washington that was surely not misunderstood.

This is the barest sketch of the relevant global context over what to

do in Iraq. But these critical matters are scarcely mentioned in the ongoing debate about the problem of greatest concern to Americans. They are barred by a rigid doctrine. It is unacceptable to attribute rational strategic-economic thinking to one's own state, which must be guided by benign ideals of freedom, justice, peace, and other wonderful things. That leads back again to a very severe crisis in Western intellectual culture, not of course unique in history, but with dangerous portent.

We can be confident that these matters, though excluded from public discussion, engage the attention of planners. Governments typically regard their populations as a major enemy, and keep them in ignorance of what is happening to them and planned for them. Nevertheless, we can speculate. One reasonable speculation is that Washington planners may be seeking to inspire secessionist movements that the United States can then "defend" against the home country. In Iran, the main oil resources are in the Arab areas adjacent to the Gulf, Iran's Khuzestan—and sure enough, there is now an Ahwazi liberation movement of unknown origin, claiming unspecified rights of autonomy. Nearby, Iraq and the gulf states provide a base for U.S. military intervention.

The U.S. military presence in Latin America is increasing substantially. In Venezuela, oil resources are concentrated in Zulia province near Colombia, the one reliable U.S. land base in the region, a province that is anti-Chávez and already has an autonomy movement, again of unknown origins. In Bolivia, the gas resources are in richer eastern areas dominated by elites of European descent that bitterly oppose the government elected by the indigenous majority, and have threatened to secede. Nearby Paraguay is another one of the few remaining reliable land bases for the U.S. military. Total military and police assistance now exceeds economic and social aid, a dramatic reversal of the pattern during Cold War years. The U.S. military now has more personnel in Latin America than most key civilian federal agencies combined, again a sharp change from earlier years. The new mission is to combat "radical populism"—the term that is regularly used for independent nationalism that does not obey orders. Military training is being shifted from the State Department to the Pentagon, freeing it from human rights and democracy conditionality under congressional supervision—which was always weak, but had some effects that constrained executive violence.

The United States is a global power, and its policies should not be viewed in isolation, any more than those of the British Empire. Going back half a century, the Eisenhower administration identified three major global problems: Indonesia, North Africa, and the Middle East—all oil producers, all Islamic. In all cases, the concern was independent nationalism. The end of French rule in Algeria resolved the North African

problem. In Indonesia, the 1965 Suharto coup removed the threat of independence with a huge massacre, which the CIA compared to the crimes of Hitler, Stalin, and Mao. The "staggering mass slaughter," as the *New York Times* described it, was greeted in the West with unconcealed euphoria and relief.[13] The military coup destroyed the only mass-based political party, a party of the poor, slaughtered huge numbers of landless peasants, and threw the country open to Western exploitation of its rich resources, while the large majority tries to survive in misery. Two years later, the major problem in the Middle East was resolved with Israel's destruction of the Nasser regime, hated by the United States and Britain, which feared that secular nationalist forces might seek to direct the vast energy resources of the region to internal development: A few years earlier, U.S. intelligence had warned of popular feelings that oil is a "national patrimony" exploited by the West by unjust arrangements imposed by force. Israel's service to the United States, its Saudi ally, and the energy corporations confirmed the judgment of U.S. intelligence in 1958 that a "logical corollary" of opposition to Arab nationalism is reliance on Israel as "the only strong pro-Western power in the Middle East," apart from Turkey, which established a close military alliance with Israel in 1958, within the U.S. strategic framework.[14]

The U.S.-Israeli alliance, unique in world affairs, dates from Israel's 1967 military conquests, reinforced in 1970 when Israel barred possible Syrian intervention in Jordan to protect Palestinians who were being slaughtered during Black September. Such intervention by Syria was regarded in Washington as a threat to its ally Jordan and, more important, to the oil-producers that were Washington's clients. U.S. aid to Israel roughly quadrupled. The pattern is fairly consistent since, extending to secondary Israeli services to U.S. power outside the Middle East, particularly in Latin America and southern Africa. The system of domination has worked quite well for the people who matter. Energy corporation profits are breaking all records. High-tech (including military) industry has lucrative ties with Israel, as do the major financial institutions, and Israel serves virtually as an offshore military base and provider of equipment and training. One may argue that other policies would have been more beneficial to the concentrations of domestic power that largely determine policy, but they seem to find these arrangements quite tolerable. If they did not, they could easily move to terminate them. And in fact, when there are conflicts between U.S. and Israeli state power, Israel naturally backs down; exports of military technology to China are a recent example, when the Bush administration went out of its way to humiliate Israel after it was initially reluctant to follow the orders of what Israeli commentator Aluf Benn calls "the boss-man called 'partner.'"

Let us turn next to Iran and its nuclear programs. Until 1979,

Washington strongly supported these programs. During those years, of course, a brutal tyrant installed by the U.S.-U.K. military coup that overthrew the Iranian parliamentary government ruled Iran. Today, the standard claim is that Iran has no need for nuclear power, and therefore must be pursuing a secret weapons program. Henry Kissinger explained that "For a major oil producer such as Iran, nuclear energy is a wasteful use of resources." As secretary of state thirty years ago, Kissinger held that "introduction of nuclear power will both provide for the growing needs of Iran's economy and free remaining oil reserves for export or conversion to petrochemicals," and the United States acted to assist the Shah's efforts. Dick Cheney, Donald Rumsfeld, and Paul Wolfowitz, the leading planners of the second Bush administration, worked hard to provide the Shah with a "complete 'nuclear fuel cycle'—reactors powered by and regenerating fissile materials on a self-sustaining basis. That is precisely the ability the current administration is trying to prevent Iran from acquiring today." U.S. universities were arranging to train Iranian nuclear engineers, doubtless with Washington's approval, if not initiative; including my own university, the Massachusetts Institute of Technology, for example, despite overwhelming student opposition. Kissinger was asked about his reversal, and he responded with his usual engaging frankness: "They were an allied country."[15] So therefore they had a genuine need for nuclear energy, pre-1979, but have no such need today.

The Iranian nuclear programs, as far as is known, fall within its rights under Article IV of the Non-Proliferation Treaty (NPT), which grants non-nuclear states the right to produce fuel for nuclear energy. The Bush administration argues, however, that Article IV should be strengthened, and I think that makes sense. When the NPT came into force in 1970, there was a considerable gap between producing fuel for energy and for nuclear weapons. But with contemporary technology, the gap has been narrowed. However, any such revision of Article IV would have to ensure unimpeded access for nonmilitary use, in accord with the initial bargain. A reasonable proposal was put forth by Mohamed ElBaradei, head of the International Atomic Energy Agency: that all production and processing of weapon-usable material be under international control, with "assurance that legitimate would-be users could get their supplies."[16] That should be the first step, he proposed, towards fully implementing the 1993 UN resolution calling for a Fissile Material Cutoff Treaty (called FISSBAN, for short), which bans production of fissile materials by individual states. ElBaradei's proposal was dead in the water. The U.S. political leadership, surely in its current stance, would never agree to this delegation of sovereignty. To date, ElBaradei's proposal has been accepted by only one state, to my knowledge: Iran, last February. That suggests one way to resolve the current crisis—in fact, a far more serious crisis: continued production of

fissile materials by individual states is likely to doom humanity to destruction.

Washington also strenuously opposes a verifiable FISSBAN treaty, regarded by specialists as the "most fundamental nuclear arms control proposal," according to Princeton arms control specialist Frank von Hippel.[17] Despite U.S. opposition, in November 2004, the UN Disarmament Committee voted in favor of a verifiable FISSBAN. The vote was 147 to 1, with 2 abstentions: Israel, which is reflexive, and Britain, which is more interesting. British ambassador John Freeman explained that Britain supported the treaty, but could not vote for this version, because he said it "divides the international community"—divided it 147 to 1.[18] A later vote in the full General Assembly was 179 to 2, Israel and Britain again abstaining. The United States was joined by Palau.

We gain some insight into the ranking of survival of the species among the priorities of the leadership of the hegemonic power and its spear carrier.

In 2004, the European Union (EU) and Iran reached an agreement on nuclear issues: Iran agreed to temporarily suspend its legal activities of uranium enrichment, and the EU agreed to provide Iran with "firm commitments on security issues." As everyone understands, the phrase "security issues" refers to the very credible U.S.-Israeli threats and preparations to attack Iran. These threats, a serious violation of the UN Charter, are no small matter for a country that has been tortured for fifty years without a break by the global superpower, which now occupies the countries on Iran's borders, not to speak of the client state that is the regional superpower.

Iran lived up to its side of the bargain, but the EU, under U.S. pressure, rejected its commitments. Iran finally abandoned the bargain as well. The preferred version in the West is that Iran broke the agreement, proving that it is a serious threat to world order.

In May 2003, Iran had offered to discuss the full range of security matters with the United States, which refused, preferring to follow the same course it did with North Korea. On taking office in January 2001, the Bush administration withdrew the "no hostile intent" condition of earlier agreements and proceeded to issue serious threats, while also abandoning promises to provide fuel oil and a nuclear reactor. In response, North Korea returned to developing nuclear weapons, the roots of another current crisis. All predictable, and predicted.

There are ways to mitigate and probably end these crises. The first is to call off the threats that are virtually urging Iran (and North Korea) to develop nuclear weapons. One of Israel's leading military historians, Martin van Creveld, wrote that if Iran is not developing nuclear weapons, then they are "crazy," immediately after Washington demonstrated that it will attack anyone it likes as long as they are known to be

defenseless.[19] So the first step towards ending the crisis would be to call off the threats that are likely to lead potential targets to develop a deterrent—where nuclear weapons or terror are the only viable options.

A second step would be to join with other efforts to reintegrate Iran into the global economy. A third step would be to join the rest of the world in accepting a verifiable FISSBAN treaty, and to join Iran in accepting ElBaradei's proposal, or something similar—and I repeat that the issue here extends far beyond Iran, and reaches the level of human survival. A fourth step would be to live up to Article VI of the NPT, which obligates the nuclear states to take "good faith" efforts to eliminate nuclear weapons, a binding legal obligation, as the World Court determined. None of the nuclear states have lived up to that obligation, but the United States is far in the lead in violating it—again, a very serious threat to human survival. Even steps in these directions would mitigate the upcoming crisis with Iran. Above all, it is important to heed the words of Mohamed ElBaradei: "There is no military solution to this situation. It is inconceivable. The only durable solution is a negotiated solution."[20] And it is within reach. Similar to the Iraq war: a war against Iran appears to be opposed by the military and U.S. intelligence, but might well be undertaken by the civilian planners of the Bush administration: Cheney, Rumsfeld, Rice, and a few others, an unusually dangerous collection.

There is wide agreement among prominent strategic analysts that the threat of nuclear war is severe and increasing, and that the threat can be eliminated by measures that are known and in fact legally obligatory. If such measures are not taken, they warn that "a nuclear exchange is ultimately inevitable," that we may be facing "an appreciable risk of ultimate doom," an "Armageddon of our own making."[21] The threats are well understood, and they are being consciously enhanced. The Iraq invasion is only the most blatant example.

Clinton's military and intelligence planners had called for "dominating the space dimension of military operations to protect U.S. interests and investment," much in the way armies and navies did in earlier years, but now with a sole hegemon, which must develop "space-based strike weapons [enabling] the application of precision force from, to, and through space." Such measures will be needed, they said, because "globalization of the world economy" will lead to a "widening economic divide" along with "deepening economic stagnation, political instability, and cultural alienation," hence unrest and violence among the "have-nots," much of it directed against the United States. The United States must therefore be ready to plan for a "precision strike from space [as a] counter to the worldwide proliferation of WMD" by unruly elements.[22] That is a likely consequence of the recommended military programs, just as a "widening divide" is the anticipated consequence of the specific

version of international integration that is misleadingly called "globalization" and "free trade" in the doctrinal system.

A word should be added about these notions. Both are terms of propaganda, not description. The term "globalization" is used for a specific form of international economic integration, designed—not surprisingly—in the interests of the designers: multinational corporations and the few powerful states to which they are closely linked. An opposing form of globalization is being pursued by groups that are far more representative of the world's population, the mass global justice movements, which originated in the South but now have been joined by northern popular organizations and meet annually in the World Social Forum, which has spawned many regional and local social forums, concentrating on their own issues though within the same overarching framework. The global justice movements are an entirely new phenomenon, perhaps the seeds of the kind of international that has been the hope of the workers movements and the left since their modern origins. They are called "antiglobalization" in the reigning doctrinal systems, because they seek a form of globalization oriented towards the interests of people, not concentrated economic power—and unfortunately, they have often adopted this ridiculous terminology.

Official globalization is committed to so-called neoliberalism, also a highly misleading term: the regime is not new, and it is not liberal. Neoliberalism is essentially the policy imposed by force on the colonies since the eighteenth century, while the currently wealthy countries radically violated these rules, with extensive reliance on state intervention in the economy and resort to measures that are now banned in the international economic order. That was true of England and the countries that followed its path of protectionism and state intervention, including Japan, the one country of the South that escaped colonization and the one country that industrialized. These facts are widely recognized by economic historians.

A comparison of the United States and Egypt in the early nineteenth century is one of many enlightening illustrations of the decisive role of sovereignty and massive state intervention in economic development. Having freed itself from British rule, the United States was able to adopt British-style measures of state intervention, and developed. Meanwhile British power was able to bar anything of the sort in Egypt, joining with France to impose Lord Palmerston's doctrine that "No ideas therefore of fairness towards Mehemet [Ali] ought to stand in the way of such great and paramount interests" as barring competition in the eastern Mediterranean.[23] Palmerston expressed his "hate" for the "ignorant barbarian" who dared to undertake economic development. Historical memories resonate when, today, Britain and France, fronting for the United States, demand that Iran suspend all activities related to nuclear

and missile programs, including research and development, so that nuclear energy is barred and the country that is probably under the greatest threat of any in the world has no deterrent to attack—attack by the righteous, that is. We might also recall that France and Britain played the crucial role in development of Israel's nuclear arsenal. Imperial sensibilities are delicate indeed.

Had it enjoyed sovereignty, Egypt might have undergone an industrial revolution in the nineteenth century. It shared many of the advantages of the United States, except independence, which allowed the United States to impose very high tariffs to bar superior British goods (textiles, steel, and others). The United States in fact became the world's leader in protectionism until the Second World War, when its economy so overwhelmed anyone else's that "free competition" was tolerable. After the war, massive reliance on the dynamic state sector became a central component of the U.S. economy, even more than it had been before, continuing right to the present. And the United States remains committed to protectionism, when useful. The most extreme protectionism was during the Reagan years—accompanied, as usual, by eloquent odes to liberalism, for others. Reagan virtually doubled protective barriers, and also turned to the usual device, the Pentagon, to overcome management failures and "reindustrialize America," the slogan of the business press. Furthermore, high levels of protectionism are built into the so-called "free trade agreements," designed to protect the powerful and privileged, in the traditional manner.

The same was true of Britain's flirtation with "free trade" a century earlier, when 150 years of protectionism and state intervention had made Britain by far the world's most powerful economy, free trade seemed an option, given that the playing field was "tilted" in the right direction, to adapt the familiar metaphor. But the British still hedged their bets. They continued to rely on protected markets, state intervention, and also devices not considered by economic historians. One such market was the world's most spectacular narcotrafficking enterprise, designed to break into the China market, and also producing profits that financed the Royal Navy, the administration of conquered India, and the purchase of U.S. cotton—the fuel of the industrial revolution. U.S. cotton production was also based on radical state intervention: slavery, virtual extermination of the native population, and military conquest—almost half of Mexico, to mention one case relevant to current news. When Britain could no longer compete with Japan, it closed off the empire in 1932, followed by other imperial powers, a crucial part of the background for the Second World War. The truth about free trade and economic development has only a limited resemblance to the doctrines professed.

Throughout modern history, democracy and development have had a common enemy: the loss of sovereignty. In a world of states, it is true

that decline of sovereignty entails decline of hope for democracy, and decline in ability to conduct social and economic policy. That in turn harms development, a conclusion well confirmed by centuries of economic history. The work of economic historian M. Shahid Alam is particularly enlightening in this respect. In current terminology, the imposed regimes are called neoliberal, so it is fair to say that the common enemy of democracy and development is neoliberalism. With regard to development, one can debate causality, because the factors in economic growth are so poorly understood. But correlations are reasonably clear. The countries that have most rigorously observed neoliberal principles, as in Latin America and elsewhere, have experienced a sharp deterioration of macroeconomic indicators as compared with earlier years. Those that have ignored the principles, as in East Asia, have enjoyed rapid growth. That neoliberalism harms democracy is understandable. Virtually every feature of the neoliberal package, from privatization to freeing financial flows, undermines democracy for clear and well-known reasons.

The crises we face are real and imminent, and in each case means are available to overcome them. The first step is understanding, then organization and appropriate action. This is the path that has often been followed in the past, bringing about a much better world and leaving a legacy of comparative freedom and privilege, for some at least, which can be the basis for moving on. Failure to do so is almost certain to lead to grim consequences, even the end of biology's only experiment with higher intelligence.

Notes

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2. *National Security Strategy of the United States* (Washington DC: The White House, March 1990).
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9. See *Multinational Oil Corporation and U.S. Foreign Policy, Report to the Committee on Foreign Relations*, U.S. Senate, January 2, 1975 (Washington DC: Government Printing Office, 1975).
10. Hal Weitzman, "Nationalism Fuels Fears over Morales' Power," *Financial Times*, May 2, 2006.
11. *National Security Strategy of the United States* (Washington DC: The White House, March 2006), 41.
12. David E. Sanger, "China's Rising Need for Oil Is High on U.S. Agenda," *New York Times*, April 18, 2006.
13. Editorial, *New York Times*, August 25, 1966
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Wage Stagnation, Growing Insecurity, and the Future of the U.S. Working Class

WILLIAM K. TABB

The most important promises used to justify capitalism are that your children will have a better life than you do, and in President Kennedy's famous words, "a rising tide lifts all boats," meaning everyone benefits from the accumulation of capital. These promises ring hollow in a period in which the relative position of the working people of the United States is declining and its ruling class is able to appropriate an increasing share of the national income. This pattern of accumulation and appropriation has become evident to many Americans and this awareness is beginning to affect political consciousness.

Today, people worry that their children will not enjoy the same standard of living that they have. They know that the benefits of growth are going overwhelmingly to the wealthy and not to working people. The statistics support such an understanding. For a quarter of a century, from 1980 to 2004, while U.S. gross domestic product per person rose by almost two-thirds, the wages of the average worker fell after adjusting for inflation. Over the three decades from 1972 to 2001, the wages and salaries of even those Americans at the 90th percentile (those doing better than 90 percent of their fellow citizens) experienced income gains of only 1 percent a year on average. Those at the 99.9th percentile saw their income rise by 181 percent over these years (to an income averaging almost $1.7 million). Those at the 99.99th percentile had income growth of 497 percent.[1]

From an economic standpoint what has happened is that the link between productivity and wages has been broken. No longer does economic growth mean increases in the real earnings for the working class as their productivity rises. This was evident through Clinton's last

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term when between 1997 and 2001 the top 10 percent of U.S. earners received 49 percent of the growth in real wages and salaries; indeed, the top 1 percent got 24 percent of the total while the bottom half of workers received less than 13 percent. This trend is of longer duration. Based on a somewhat different calculation the share of income going to the top .1 percent quadrupled between 1970 and 1998 at the expense of working-class earners. Inequality was growing in most of the rest of the world too; but the United States led among the richer nations; and unlike most others that offset market inequality though government intervention, the United States has not done so. For working people the issues are not simply the stagnation of real wages and growing inequality but the worsening insecurity that permeates many aspects of their lives as labor market conditions change and government abrogates more and more elements of the social contract.

Because globalization has been such a powerful force restructuring the international political economy there is a tendency to see economic developments as the result of this process rather than in terms of class. If we start with class and labor as the givens—rather than beginning with globalization trends—and then go on to the dispiriting impacts on people, the focus moves from deterministic structures to agency and the need for and potential of struggle. To understand the present, we need to look closely at how the factions of capital are advancing their selfish interests, at the expense of working people, by consciously manipulating the beliefs, fears, and idealism of citizens.

Despite globalization, manufacturing *output* is not declining in the United States. It has been expanding, growing faster than the rest of the economy in recent years. It is manufacturing *employment* that is shrinking. It is at its lowest level in more than half a century. Between 2001 and the spring of 2006 worker hourly productivity rose by 24 percent so fewer workers are needed to produce more output. But output has not been rising as fast as in the past. This is not only because of greater global competition but also slower global growth in demand. If demand had increased at levels seen during the early post-Second World War era, millions of additional jobs would have been created in manufacturing for U.S. workers. Manufacturing jobs are especially important for those with the least education. Men with less than a high school education saw their wages fall in the 1980s in real terms by 20 percent. From 1979 to 1992 real yearly wages for male high school dropouts fell by over 23 percent while high school graduates with no additional education experienced a fall in real wages of 17 percent. There was a large expansion of temporary and part-time work.

The U.S. economy is always creating and destroying jobs. The question is how much trouble do the unemployed have in finding work? What kind of jobs are available? What do they pay? What is the work

like? What are the benefit packages, if any? If they are laid off how much pain do workers endure when they are involuntarily separated from employment? How long does the period last? What sort of job did they lose, did they get, and again at what pay and with what benefits? Every three months 7 percent of all jobs are destroyed and roughly the same number are created. In a typical year a quarter of all jobs disappear. The Bureau of Labor Statistics tells us that in 1983, men between the age of 45 and 54 held jobs on average for 12.8 years but by 2004 for only 9.7 years. Jobs are now less secure for white-collar workers as well as in blue-collar occupations. The layoffs have been in big companies, which tend to pay better and to offer benefits. It is not of course that things were great in the 1980s. During that decade, 13 percent of Americans between 40 and 50 years of age spent at least one year living in poverty, but by the 1990s, 36 percent did. Mobility has also declined. Today, according to a Federal Reserve study, if your parents are rich the chance of your being rich is as high as the probability that if your parents are tall you will be tall. Social mobility is not as likely here as in Germany, for example.

The true cost of job loss must be measured not just in money as economists do in their limited calculations. For many people there is a spiral pattern in which layoffs lead to not only financial insecurity but to feelings of powerlessness and hopelessness, depression, sleepless nights, headaches, chronic stomach aches, and fatigue that cause lasting harm. Even after getting work some people have trouble talking to the boss and dealing with job demands. The damage done by job loss, even the threat of job loss, along with the worries about how people will live after they are no longer able to work, or if they have a serious illness how they can pay for the doctor and a hospital stay, produce anxieties that permeate working-class existence. There is a rise in escapist pursuits as the economy produces greater uncertainty; the growth of gambling addiction is one example. By the start of the 2000s, Americans were spending more on gambling than on theme parks, video games, spectator sports, and movie tickets. The most desperate tend to risk the most. Data from the late 1990s shows households with incomes under $10,000 a year spend three times as much on lottery tickets as those with incomes of more than $50,000. There is, however, an important psychological disconnect between harsh economic realities, escapist avenues, and the ideological interpretation most working people adopt to preserve their sense of worth and well-being. Credit card debt ensnares a large part of the working class. In 2004, 1.6 million people filed for personal bankruptcy, twice the number of a decade earlier, and half of those filed after a major medical expenditure. Other prominent causes of debt were divorce and job loss. On the whole, life grows ever more insecure for working people.

Capital's share of all corporate income is the highest and the compensation of employees is the lowest that they have been in twenty-five years. Moreover, capital income is more concentrated than it has ever been. As the profit share went up, the CEO's share of both the total wage bill and of corporate profits dramatically increased. By the mid-1990s CEO pay was about 5 percent of corporate profits. In 2003 their share was 10 percent of all profits.[2] The percentage available for labor's share decreased.

In the 2006 holiday season the top Wall Street firms together paid out an estimated $36 to $44 billion to their employees. The bulk of it went to those masters of the universe who were restructuring employment prospects for U.S. workers and extorting concessions from workers to finance debt. Andrew Sum of Northeastern University's Center for Market Labor Studies points out that from 2000 to 2006, all 93 million American workers—all production and nonsupervisory workers as defined by the government—had real earnings increases of less than half of the combined bonuses awarded by the top Wall Street firms for just one year.[3]

These are disturbing developments to many Americans, but have they shaken the powerful hold of individualism on people's psyches? Hundreds of national polls confirm that Americans express optimism regarding their own life chances and those of their children. They are reluctant to describe their own circumstances in negative terms even as they tell interviewers that "people like them" are doing poorly. While they say that education and hard work will help people get ahead they also report anxiety about outsourcing, plants closing, permanent jobs being replaced with part-time and contingent work, the lack of career opportunities, and fear that if they lose their job they will only be able to get one with lower pay and no benefits.[4] Americans are frustrated that their incomes are not keeping up with the cost of living and that they are being squeezed. They are critical of corporate greed and dishonesty. They want the government to call these corporations, especially pharmaceutical and oil companies, to account. They are worried that things will not get better. But they are not, in great numbers, hostile to the system. They express faith in the American Dream and continue to believe that individuals can overcome obstacles. A majority envy the rich and famous.

Horatio Alger stories continue to resonate with Americans. Close to two-thirds of Americans in a 2002 Pew poll believe that success depends on forces within their own control—double the percent who respond this way in Italy or Germany and triple those who respond this way in Turkey or India. Another 2002 poll by the accounting firm of Ernst & Young, taken after the dot-com crash and the terrorist attacks the previous September, found that 81 percent thought they would be richer than their parents, while other surveys show a high proportion expecting to become

millionaires. One poll taken in 2000 found that a quarter of teenagers in the United States believed they would be millionaires by the time they were forty.[5] At the time the poll was taken there were 150,000 millionaires in the country. If the teenagers were right about their future. Nine and a half million people would have to jump to this status. Those who think they will become rich because America is an opportunity society can be attracted to such politicians as George W. Bush and Ronald Reagan who feed their dreams while robbing their pockets.

Such individualist optimists typically do not believe in helping those who do not help themselves. A very large part of the working class is alienated from poverty programs which are seen as taking their tax money and giving it to those who lack ambition and a willingness to work hard. One of the lasting legacies of 1960s liberalism is the division the liberal view makes between the poor and everyone else. The unspoken assumption underlying the liberal approach is that everyone else is doing just fine. The poor are viewed as a separate group excluded from the benefits of a system that is working for everyone else. This was not a true picture in the 1960s. It is certainly not the case today. The poor are numerous and in need of help, but it is the class nature of society that produces and replenishes the reserve army, that forces some to work full time year round and still be poor, while it excludes others from even this prospect. This makes all workers insecure about the future and fearful of losing what they have.

The great gap is between the top 1 percent or the top .1 percent and the rest of the country. The myth of the United States as a middle-class nation with endless prospects for upward mobility is increasingly contradicted by the evidence. Those at the top are a ruling elite and are concentrating more income and wealth into their own hands. Edward Wolff has documented that the top 10 percent of wealth holders own 85 percent of the value of taxable stocks and mutual funds, the top 1 percent own about half. Thomas Piketty and Emmanuel Saez have demonstrated that the share of pretax income going to the top 1 percent of Americans doubled between 1980 and 2004. (The last time the top 1 percent had such a large share of the total was in 1937.) What about after-tax income?

In a May 2006 statement advocating the continuation of his huge tax cut going overwhelmingly to the wealthiest Americans, President Bush asserted that the failure to extend the tax cut would be "disastrous" for "all working Americans." As experts from mainstream think tanks, the Brookings Institution, the Urban Institute, and the Center on Budget and Policy Priorities said in response: "The president's claim is implausible in light of the distribution of the reconciliation bill's benefits. Some 68 percent of all American households will receive no tax cut at all from the legislation...." They noted that an even larger fallacy was the assumption

that the tax cut should be seen as a costless gift from a beneficent government since the tax cut was being paid for with borrowed money. It turns out that 99 percent of Americans are net losers under this tax cut—for every dollar they received they also got a bill of $3.74 in the form of a larger national debt for which they will be paying interest.

Robert McIntyre of the Citizens for Tax Justice calculates however, that the wealthiest 1 percent, who in 2006 had family incomes of over a million and a quarter dollars, received an average tax break of $84,482 per family member, which exceeded their additional tax burden by over $30,000 for each of the four members of the average wealthy family. Income tax cuts to the bottom 40 percent of the income distribution do nothing because the families who in 2006 had incomes below $36,000 typically paid no income taxes. They were, however, affected by the service cuts which the money could have gone to pay for and they will be impacted by the cost of borrowing the money which went mostly to the rich and, it should not be forgotten, to pay for the war in Iraq and the other increases in defense spending.

What by convention the establishment calls "defense" spending is rather the expenses of empire, war, and preparation for and the actuality of killing. It is one of the costs citizens pay for American imperialism. In 2001, Bush said the war in Iraq would cost $50 billion (and fired his senior economic adviser Larry Lindsay in part for daring to say the cost might go as high as $200 billion). The administration assured the public the war would be over quickly. Bush lied about much as it turned out. In 2006, Joseph E. Stiglitz and Linda Bilmes put the war's price tag at two trillion dollars, and even conservative estimates are in the trillion and more range. Increasingly there are estimates of what the American people could have gotten instead for the money—in health care, education, and infrastructure—to make their current lives and future prospects far better than they are.

Imperialism is the other side of an economy that is not producing adequate civilian jobs that would allow the sort of solid working-class existence to which unionized workers in a previous era could aspire. But even with poor prospects most young people are not interested in the volunteer army. One of the reasons the war costs so much, aside from the corrupt extractions of Halliburton and the other contractors with friends in high places, is getting young people to sign on to possibly die in an unpopular war. Recruitment costs are currently over a billion dollars as enlistees, who can now be up to forty years of age and in the second lowest category of intelligence (the one just above imbecility), are paid signing bonuses of up to $40,000. Such a volunteer army is not volunteer. It is a poverty draft. For the most part it is only young people who cannot afford college and face poor job prospects who can be lured to join.

The liberal establishment is worried that the more sophisticated class-based voting rooted in economic awareness they see growing in Latin America after three decades of a disastrous neoliberalism may be heading north. Robert Rubin, Clinton's first secretary of the treasury and his successor Larry Summers have spearheaded the Hamilton Project at the Brookings Institution focusing on what they see as the paradox of wage stagnation in a period of robust growth in the productivity of the U.S. workforce. They are worried that growing inequality and wage stagnation will lead to radicalization. The idea is to come up with a program to preempt discussion of more radical proposals and the self-organization of grassroots movements in opposition to business as usual. Modest improvements through spending on education, training, and infrastructure will not be enough to address rising income and wealth inequalities, and the deteriorating status of American workers. Nevertheless, establishment liberals hope that frustrations can be cooled by these means.

Republicans place their hopes in the strong hold ideologies of individualism have on Americans, including working-class and low-income voters. Three-quarters of poor Republicans, who as a group make up some 10 percent of the electorate (a Pew study tells us) believe that people can make it on their own through hard work and good character. Exit polls after the 2004 election show that the higher the family income the more likely people were to vote for Bush. Households with incomes below $50,000 generally voted for Kerry, but this was not the case for whites in the $30–50,000 category, which was once dependably Democrat. It is true that many in this group were open to the cultural conservativism the Republicans showcased, but more importantly these are people hurt by economic changes. They turned against the government and the Democrats back in the Carter years. Rather than offering meaningful resources to help such people, Kerry made balancing the budget the heart of his economic program.

The penchant for people to see the basic unfairness of the capitalist system and at the same time accept it and to believe that they can do well against the odds is a difficult reality for Marxists and other advocates for radical change. Critics of capitalism are not at all alone in their belief that those who control the major parties are in thrall to the economic elites. But the left has a serious problem to unravel. Why does the working class refuse to take on its historical obligations and instead seek individualistic or escapist alternatives? While the progressive segments of the middle class and some working-class militants are willing to struggle for meaningful change, most working people are not. In large numbers they embrace the wedge issues that reactionary forces use to win support for candidates who will pursue policies objectively against their interests. How can this be?

It would be a mistake to see the salience of social and cultural issues as distinct from economics. Traditional values, as they are called, are less appealing to the better off and better educated who are more likely to live in nuclear families, less likely to be divorced (and more likely to remarry if they are), less likely to have kids out of wedlock, and whose own children are more likely to go to college and become successful. Lower-income people are more likely to live in a harsher world of social and personal insecurity, with greater prevalence of single motherhood, more abortions, and too commonly verbal and physical violence. The psychology of many wanting to escape such a life is to embrace aspirational values and absolutist guidelines which come with being born again in hope of finding support and strength. The church offers a heart in a heartless world of economic dislocation and deprivation. Certain fundamentalist religions serve the dispossessed and working families who once would have earned a family wage and lived in stable communities with strong working-class cultures.

Those who point out smugly that red states have more divorce, crime, poverty, single parents, and so on need to ask why this is so. Can it be the case that economically more secure people—like those who live in a high-income state such as Massachusetts, where community life is stronger for the most part and where there are fewer transients and murders per capita—accept gay marriage more easily because their family life is not so threatened? How important is lack of security and fear of further social breakdown to a propensity to be moved by hot button cultural issues? Once fundamentalist religious views were concentrated in poor, rural, isolated agricultural regions dependent on the capricious and often harsh nature of storms, draught, pests, and other uncontrollable disasters. With the dramatic drop in factory employment and the decline of unions the same sort of insecurity is widespread in areas where once there were communities of better paid workers and more stable families. Facing relative deprivations or simply living surrounded by social breakdown and disturbing signs of a disordered culture, a personal savior and acceptance of an inerrant authority of Biblical literalism can have greater appeal.

For many it is the ceaseless realities of a life of pain that leads to aspirational adoption of absolutist moral values and a rejection of the seemingly far-fetched promises of a solidarity based on class and citizen entitlement. It is easy for such people to demonize unions and a government, which are not helping them. Class is also an important entry point to examine the divisions within the Democratic Party, which has two major constituencies: better off, highly educated white liberals and the less well educated, heavily minority, group of low-income working people. The issues important to the first, the right to choose and the environment, may not be the most pressing to those for whom

economic survival is uppermost. Moreover, the corporate funding the party depends on comes with the need to support free trade and neoliberalism.

All of this leads to the question: under what conditions does a broad-based progressive movement appear which can change the direction of the country? The Populist era, the New Deal, and the Great Society need to be understood in their material context to explain why they could do as much as they did. When Wall Street and the railroads abused the farmers and the early industrial workers, resistance built up and radical politics followed. In the thirties ordinary working people were in motion, unions were being organized, and the corruption of corporate leaders came to be widely known. The desire to punish "the malefactors of great wealth" and to prevent another depression led factions of the ruling class to support reforms and regulation to save capitalism from itself and perforce to help ordinary Americans. A hegemonic liberal-labor bloc moved the country to the left. In the 1960s, the modernization of American capitalism prompted change in the antiquated social relations of the Jim Crow South. The mechanization of agriculture ended the necessity for a huge workforce of blacks in agriculture. Air conditioning and air travel opened the South to the national economy. The changed material conditions stimulated activism in the form of the civil rights movement demanding inclusion on the basis of juridical equality for African Americans. Reluctantly, for this would require dismantling the alliance between Southern racist politicians and politics and Northern corporate interests and labor which constituted the New Deal coalition, first a cautious Kennedy and then a more assertive Johnson acted, pushed by powerful social movements, to keep the country united and to shore up the Democratic base in the North. Despite the activities of millions of activists, racism and regional conflict remain potent. The only successful Democratic candidates for the presidency since the early 1960s have been Southerners.

From Nixon's "Southern Strategy" through the disenfranchisement of blacks (most importantly in Florida in 2000 and Ohio in 2004), the Republicans were able to impose an increasingly rightward turn in American politics. The whipping up of fear was the driver of reaction—fear of blacks, fear of communism, fear of terrorists. The large and most internationalized corporations, which had backed the Democrats from the New Deal through the Great Society, became transnational corporations. As a result, their stance shifted regarding the functions of the state and U.S. labor. They now sought the freedom to disinvest at home and reinvest abroad, pressuring governments everywhere to accept neoliberal policies. This combination of the objective interests of big capital in the new stage of capitalist development and the use of racist appeals, national chauvinism, and religious fundamentalism brought us to where

we have been until an overreaching by the Bush alliance provoked a progressive backlash.

Under Clinton, and in the economics advanced by Gore and Kerry, it is clear that the Democrats accepted and encouraged corporate globalization and lacked enthusiasm to defend working-class interests. In the post mortems after the 2004 election, Stan Greenberg, the Democratic Party pollster, crunched the numbers and declared that John Kerry had the White House within reach but his failure to shift from Iraq to economic issues led to his defeat. Interestingly, the white rural voters who were decisive to the Bush victory were open to an economic debate and held back. This group, a fifth of the electorate, was worried about health care, jobs, and retirement. They had been hit hard by economic dislocations. "They were looking for an election about their lives—not national security—and they didn't get that choice," Greenberg reported. If they had gotten what they wanted Kerry would be president. There remains a basic disconnect between what Americans think is important and what politicians in thrall to the well-to-do are willing to consider.[6] There is room to the left of politics as normal for such a discussion.

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The South Has Already Repaid its External Debt to the North

But the North Denies its Debt to the South

PAULO NAKATANI AND RÉMY HERRERA

Developing Countries' External Debt

The South has already repaid its external debt to the North. Since the onset of the global debt crisis, precipitated in 1979 by a sharp increase in the Federal Reserve's interest rates by Paul Volcker, the developing/emerging market economies as a whole have paid in current dollars a cumulative $7.673 trillion in external debt service.[1] However, during the same period their debt has increased from $618 billion in 1980 to $3.150 trillion in 2006, according to figures published by the International Monetary Fund (IMF). The external debt of this group of countries, comprising 145 member states, will continue to grow throughout 2007, according to the IMF, to more than $3.350 trillion. The debt of the Asian developing countries alone could rise to $955 billion. Although they have already repaid, in interest and capital, far more than the original amount due in 1980, these countries are now carrying a burden of debt much larger than they faced at the beginning of the period.

These data from the IMF are expressed in current dollars, which complicate the comparisons between different time periods. Nevertheless, it is clear that the external debt of developing/emerging market economies, measured by the ratio debt service/GDP (along with debt service/exports), has been increasing since the beginning of the 1980s. Total external debt service of these countries grew from 2.8 percent of GDP in 1980 to 4.0 percent in 1989 and 6.9 percent in 1999, before decreasing slowly to 5.2 percent in 2006, just above the 5.1 percent average for the period.

This gigantic drain of resources operating for more than a quarter of a century has changed neither the status of these dependant economies, nor the nature of their relations with the developed countries of the

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North. It contributes, on the contrary, to the ever increasing concentration of wealth, at the national level in favor of the dominant classes of the countries of the South, and at an international level in favor of the countries of the North. It explains in large part, over the last few years, the dramatic increase in intra- and international inequalities, as well as the increase in relative and absolute poverty. International debt repayment constitutes one of the forms of transfer of surplus produced by the countries of the South to the North—and of surplus produced by the workers of the South to the capitalists of their own countries and to those of the North. This has tended to increase the rate of labor force exploitation in the South. In this way, the developing countries and "emerging market" economies transferred to their creditors an annual average of 3.68 percent of their GNP during the decade following the debt crisis (1980–89). In the past ten years (1997–2006), marked by a series of financial crises and a growing polarization of the capitalist world system, this transfer rose to 6.2 percent of GNP.[2]

In recent years, in the context of ever increasing market integration and deregulation of capital movements, there has been a general transformation of debts to bonds on financial markets and a conversion of external debts into internal debts. This gradual evolution, which is still ongoing, hides some perverse effects, in particular that interest rates are often higher on internal debt. Reducing external debt service repayments make it more difficult to calculate precisely the size of the drain associated with the external debt. This only further complicates and worsens a situation in which the transfer of surplus from South to North continues to operate through a myriad of channels, such as the repatriation of profits on direct foreign investment, profits on the revaluation of bonds recorded as portfolio investments in balance of payments, and other forms of unequal exchange.

The external debt can be interpreted both as a means of financing and a constraint on the financing of capital formation. Nevertheless, the weight and dynamics of the debt show that the loans do not contribute to financing development. Besides, the debt is itself increasing in order to cover repayment of interests and capital. So it functions as a self-perpetuating mechanism of poverty aggravation, work overexploitation, and a block on development in the economies of the periphery of the capitalist world system.

The Debt—A Financial, Socioeconomic, and Political Problem

The current disproportion of developing country debt and the past history of the monetary and financial international system provide no indication of a possible solution to the debt crisis if only the efforts and resources of these countries are mobilized. Economic, commercial, monetary, and financial relations between the countries of the center (the

North) and those of the periphery (the South) of the capitalist world system must be profoundly reorganized, following new principles. These should impose strict limits on the capital accumulation dynamics based on profit maximization and plundering, and should promote solidarity and cooperation between partners. This is one of the essential conditions for the construction of a fairer international economic order.

The external debt of developing countries is not only a financial problem. In most cases, it developed according to the conditions and interests of the dominant capitalists of the countries of the North, in close collaboration with the elites of peripheral countries. These alliances often produced complex situations, such as "odious" debts (illegitimate and/or illegal), the transformation of external debts into public debts—which can often be viewed as forms of "odious" debts—and "ecological debts." Odious debts were contracted by local elites and used against the public interest, to finance sumptuous expenses, corruption, or repression of the working classes—often resulting in massacres and torture. The conversion of private debts into public debts was a way for the state to manage the debt crisis in favor of the local bourgeoisie. When the United States decided to increase its interest rates—in the hope of resolving its own crisis—many governments of the peripheral capitalist countries at the beginning of the 1980s nationalized a large part of the private external debts of the local bourgeoisie, imposing responsibility for the cost of the operation on the population. Furthermore, the debt also served to finance polluting activities of transnational companies, which have resulted in severe environmental degradation and highly negative externalities at national and international levels.

These debts contribute to the increasing misery of large parts of the populations of the countries of the South, especially in Africa. Between 1980 and 2006, $675 billion has been extorted to finance the debt service flows from the African continent, even though it is the poorest in the world.[3] This is more than the amount of external debt owed by all the developing countries at the beginning of the crisis. As a yearly average during this period, this corresponds to $25 billion. By way of comparison, hardly more than half of this sum would be enough, according to the estimates of the UN Food and Agriculture Organization (FAO), to eradicate hunger, thanks to the provision of food rations corresponding to nutritional levels considered to be satisfactory to each poor inhabitant of the South. Remember that according to the World Bank, there are over four billion poor people in the world, more than 850 million people still suffer today from malnutrition, and five million children die of starvation each year in the world. The wealth accumulated in the countries of the North is in part produced by exploitation of workers and destruction of nature in the countries of the South.

Proposed Solutions to the Debt Problem

Many nongovernmental organizations, such as the Committee for the Cancellation of Third World Debt (*Comité pour l'Annulation de la Dette du Tiers Monde*—CADTM), or Jubilee South, consider, with reason, that the developing countries have paid off their external debt to Northern creditors, in totality, and that it is the rich countries that effectively owe debts to the poorest countries.[4] According to these social movements, debt cancellation is the only available means to open the way to development. However, the countries at the center of the capitalist world system, and their multilateral monetary and financial institutions—above all the IMF, the World Bank, and the Paris Club—have no interest in resolving the problem of external debt, because it represents a reliable means of keeping the countries of the South in perpetual dependence. As a consequence, it is the people of these countries, supported by social movements (in the South as well as in the North) who must take on this task.

Thus, the campaign for developing country debt cancellation must be supported—in particular the initiatives carried out in the creditor countries, such as Norway. This country has just recognized its co-responsibility in the "illegitimate debt" of a number of countries (Ecuador, Egypt, Jamaica, Peru, and Sierra Leone) and decided unilaterally to cancel sixty-two million euros of credits held on these countries.[5] In the case of Ecuador, a commission of civic oversight of corruption, with the support of various associations, obtained in 2002 an audit on the sale of Norwegian ships to the government of Ecuador in the 1970s. The commission concluded that the credits for "loans for development aid" in this case were illegitimate (as they did not help Ecuador but rather Northern industry), that no technical or financial evaluation had been undertaken in the creditor country (either by the agency for cooperation or the agency for export credit), that the increase in the debt was due to unfavorable conditions introduced during the renegotiation, and that no one knew where the ships were nor how much was still owed. After the commission had recommended cessation of repayment, in October 2006, and following an intense campaign by Ecuadorian and Norwegian social movements, the Norwegian government announced cancellation of this debt, for which it recognized co-responsibility.[6]

Mobilizations to cancel/repudiate external debt also need to be initiated within debtor counties and by their governments—although little progress has been made until now, even by the progressive states. The boldest decision so far has been to interrupt repayment in order to renegotiate external debt, as Argentina did in 2002.

The Heavily Indebted Poor Countries (HIPC) Initiative, launched by

the G7 in Lyon in 1996, then strengthened in Cologne in September 1999, can never solve the problem. This initiative concerns a very limited number of poor countries, and its aim is to make the debt burden "sustainable" without questioning its legality or legitimacy. The exchange of debt against assets (debt equity swaps) does not constitute a solution either, because these are often used to support programs of privatization and changes in the national structures of capital ownership in favor of foreign transnational companies. The proposal to buy back debts between developing countries in the framework of South-South alternative cooperation is interesting but limited, because it merely transfers the burden of debt from one country of the South to another.

In these circumstances, the most effective solution is the launch of debt audits—insisting that the states identify each component of debt, including those qualified as "odious," and demand, if necessary, cancellation of payments.[7] Even progressive third world governments are at present trying to renegotiate their debts under the least disadvantageous conditions in order not to interrupt repayment flows. Sometimes, debt service repayment to the IMF is even made ahead of schedule. This is certainly no solution, since dependence will persist for as long as economic policies, imposed by the IMF, continue to be followed. Furthermore, the foreign currencies borrowed on financial markets to pay the IMF are often at even higher interest rates. The country's dependence is then displaced towards financial markets, further complicating the picture.

These proposals for audit, development of appropriate legislation on external debt, and cancellation of debt, would prove effective in terms of development policies if they were accompanied by profound changes of the international monetary and financial system that challenged the roles of the IMF, the World Bank, and the WTO. Among these necessary measures, let us list: the modification of the rules of access to the markets and to the international monetary and financial systems; the building of regional systems to stabilize exchange rates; control and taxation of capital movements (particularly speculative); abolition of tax havens; and the establishment of international tribunals responsible for judging the social, economic, and cultural implications of third world debt—including ecological crimes. An international law on debt needs to be enacted. And this should be supplemented, as necessary, by measures requiring the transnational companies and their local allies to pay to the countries of the South reparations for their "ecological debts."

Notes

1. Figures are for 1980–2006. Calculation by the authors based on the data provided by the International Monetary Fund: IMF, 2006, *World Economic Outlook Database*, September, Washington D.C. It is the sum of annual

values drawn from the line "External Debt: Total Debt Service" from the group "Other Emerging Market and Developing Countries," http://www.imf.org.

2. Calculation by the authors based on the same IMF data.
3. Calculation by the authors based on IMF data on Africa.
4. CETIM et al., *Menons l'Enquête sur la dette* (Genève: Éditions du CETIM, 2006).
5. CADTM, "CADTM Applauds Norway's Initiative Concerning the Cancellation of Odious Debt and Calls on All Creditor Countries to Go Even Further," (October 10, 2006), http://www.cadtm.org.
6. CADTM, "CADTM Applauds Norway's Initiative."
7. CETIM et al., *Menons l'Enquête sur la dette.*

(continued from inside back cover)

resources, led by the international giants De Beers and Rio Tinto. Many of these plans would require strip mining.

Real estate speculators are of course at the heart of this opportunity for plunder: PACL India, a company developing and building townships and housing units, has planned to purchase up to 5000 acres in various districts of Chhattisgarh during the current financial year for different projects. A proposed new capital city would see in its initial phase of construction an IT Park, a golf course and a five-star hotel. IL&FS Infrastructure Development Corporation is partner and advisor for the project.

The entire process is the very opposite of planned rational industrialisation: it is a mad rush to seize what can be seized. And all these "plans for development" are to be implemented in a state where 32% of the state's population is tribal, classified as indigenous people. Dantewada has the highest concentration of ST in Chhattisgarh with ST accounting for 79% of the district population, followed by districts of Bastar (67%), Jashpur (65%), Surguja (57%), Kanker (56%) and Mahasamund (28%). The proportion of families below the poverty line in Dantewada is 79%, matching the percentage of tribal families.

But there has been vigorous resistance to the theft of land for strip mines, five star hotels and golf courses, in short to the "India Shining" world of the top ten percent spitting on the misery of the majority. The response of the state and of the union government to this resistance has been brutality of obscene proportions. The centerpiece of the governmental response has been the creation of a U.S.-model "counter-insurgency" vigilante group with adivasi participation, known as Salwa Judum. Created in June 2005 in the impoverished Dantewada District by the security services with the participation of both Congress and BJP politicians, it was presented to a non-critical media as a spontaneous reaction to supposed Maoist oppression. But quickly reports began to seep out of the forcible emptying out of villages, and of atrocities committed by members of the Salwa Judum and security forces.

A fourteen-member team from five organizations conducted an investigation between 28 November and 1 December 2005 in Bijapur and Bhairamgarh blocks of Dantewada district, focusing specifically on the violation of human rights

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From Military Keynesianism to Global-Neoliberal Militarism

JAMES M. CYPHER

The New Militarism

In mid-summer of 2006 a Harris Opinion poll revealed that roughly 50 percent of the U.S. public believed that weapons of mass destruction (WMD) had been found in Iraq by U.S. forces and nearly two-thirds of those polled thought that the Iraqi regime had been collaborating with al-Qaeda forces prior to the Washington invasion in the spring of 2003. All this, of course, stood in stark contrast to the facts as they were then known and grudgingly acknowledged by U.S. policymakers. At the same time, a large majority of the population believed that the invasion had been a mistake and favored significant troop withdrawals in the near future.

Psychologists might interpret these discordant results as indications of mass cognitive dissonance. That it is, but it is much more: The U.S. public in general has a very long and deep, and largely positive, association with things military. This peculiar relationship owes much to experiences during the Second World War. Although the United States suffered significant losses in terms of death and injury to its fighting forces, the economy boomed during the war, the Depression faded, and the fight was "over there." Furthermore, in the early 1940s the U.S. military promulgated a new doctrine of "forward defense," meaning that after the Second World War Washington would stage much of its firepower throughout the globe, essentially spending next to nothing to defend the territory of the United States itself. The destruction of war was felt most by the hundreds of millions of people in other lands who experienced imperial wars and interventions in their national territories. This unique positive U.S. relationship between economic recovery and heavy bouts of military spending (if not war) has remained up to the present.

During 1945–89, Washington engaged in six large-scale military actions. In the 1989–2003 period the United States carried out nine such actions. With the onset of the Persian Gulf War of 1991, a new factor was thrown into the relationship—high-tech, "precision-guided"

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weaponry would make combat antiseptic. War would become its antithesis—thanks to American ingenuity. A childish and disengaged language also began to circulate in this period. There were "good guys" and "bad guys." High-tech war would eliminate the bad guys—not innocent civilians whose deaths had been compartmentalized heretofore as collateral damage. As the tempo of intervention rose, so did much of the U.S. population's fascination with technowar and all things military.

The presentation of war as entertainment during the 1991 Gulf War was designed to beat back the Vietnam Syndrome—what conservatives saw as a pathology regarding the U.S. population's increased reluctance to support interventions in the third world. It succeeded. The war in Kosovo in the late 1990s echoed this theme as the United States/NATO pounded the former Yugoslavia from the air—suffering no casualties.

The post-Vietnam formula was simple: go in and get out fast. The public will support military adventurism, but it will not sustain high human costs of war in the United States. Death and injury rupture the delusion of the antiseptic, high-tech, precision-guided technowar. So, the polling data cited above fit nicely into what would logically appear to be a contradiction: A large portion of the U.S. public is drawn to support the military and military adventurism in the abstract, and they want to believe—as they are constantly being told—that the United States has only engaged in just wars and in justifiable levels of military buildup, and that the U.S. exercise of force is overwhelming and righteous. Conversely, once the public is confronted with the inevitable reality of these policies, its enthusiasm for such belligerent actions wanes.

Integral Hegemony versus Minimal Hegemony

There is a well-known and all too little used term for a society that has a predilection for deference to all things military—militarism. In the United States militarism is and has been since the late 1940s a hegemonic societal perception—the prism through which global political events and U.S. foreign policy are interpreted. Shaping and responding to such events is the function of grand strategy, which is about the strategic application of military force or threat of force to change the surrounding world environment so as to achieve an end. These ends are defined by the power elite and propounded by "defense intellectuals" (often operating from key foundations and research centers) and state managers. Once formulated, policy is disseminated via Pentagon national security documents, presidential speeches, and State Department pronouncements to the underlying population.

Joseph V. Femia describes hegemony as a state in which "one concept of reality is dominant, informing with its spirit all modes of thought and behavior." As James Martin tells us, "a successful hegemony will seek to render itself incontestable."[1] Like other taboo words, militarism

is often disallowed as inapplicable because its *form* has evolved while the terminology is seemingly locked in historical place. One does not need a military caste or a Prussian-style political system replete with swaggering, medal-bedecked generals to maintain that militarism is the dominant concept of reality informing all modes of thought and behavior with regard to the forcible actions of the state. A civilian-led military establishment achieved a certain level of autonomy as a result of and in the aftermath of the Second World War—particularly due to the rise of the Cold War.

But, militarism's hegemony in the organization of the U.S. state and the conduct of foreign policy is fragile. It is not what followers of Antonio Gramsci's concept would term "integral hegemony" based upon a very broad level of consent. Consent has had to be constructed and reconstructed: The Cold War construct—a battle between good and evil according to the Manichean view of President Reagan—was all but incontestable until deep protest and analysis broke through the hegemonic barriers that had circumscribed critical analysis of the precepts of the Cold War during the Vietnam era. In the late 1940s, when the U.S. leviathan began to string its military bases around the globe (numbering over three thousand small-to-large facilities by the late 1960s) serious voices of dissent were heard from 1949 on—particularly in *Monthly Review* and Monthly Review Press where Paul Baran and I. F. Stone fearlessly challenged mainstream distortions.[2]

But, this had limited effect at the time. Later, of course, the *Monthly Review* analysis of U.S. militarism was fundamental in the late 1960s—particularly the work of Harry Magdoff—providing a theoretical starting point.[3] As a result of the war in Vietnam, Cold War militarism fell apart, giving way to what conservatives called the Vietnam Syndrome. No one knew this better than the professional military.

Getting U.S. militarism back to a level of incontestable, integral ideological hegemony has been a long sought goal that appeared well in reach after 9/11. The shock and awe unleashed on Iraq in 2003 was to restore U.S. militarism as the premier ideological construct. Behind this construct U.S. power could fluidly unfold, as the world's only superpower demonstrated that no form of nationalist defiance would go unpunished. A new era of neoliberal militarism was consolidating, according to the architects of the new model—Paul Wolfowitz, Richard Pearle, Douglas Feith, Dick Cheney, and Donald Rumsfeld (among others).

From time to time some critical or restraining voices were to be heard, most particularly within the Pentagon, but also in the CIA and other intelligence agencies, and at the State Department where the fantasies of antiseptic high-tech warfare were understood as delusional. Nonetheless, long before 9/11, as we now know, the architects of

neoliberal militarism were intent upon making Iraq a showcase of their resolve. Preemption of any form of defiance would yield long-term benefits as other nations curbed their nationalist impulses lest they suffer the consequences of U.S. destabilization or invasion. Meanwhile, a very substantial part of the U.S. public, confident in the righteousness of U.S. military power, could be counted on to consent—offering their tax dollars, their allegiance, and their enthusiasm to the application, expansion, and maintenance of revitalized militarism.

But, it just did not work out that way. Instead of reconstructing an integral and incontestable hegemony, the actual application of U.S. military power slowly revealed again something the public had been conditioned for decades to forget: As Karl von Clausewitz—perhaps the most renowned student of war—understood, the fog of war frequently makes the application of military force an unusable and sometimes perverse instrument. And, slowly at first and then gaining rocket-like speed, the situation in Iraq, post-invasion, has unraveled to the point where by the fall of 2006, the top of the U.S. military command were openly pointing to a civil war scenario, while the insurgency seemed to gain strength. The "high-tech-no-tech" war (asymmetrical warfare) was going backward in Iraq. Meanwhile, the military situation in Afghanistan—five years on—had seriously eroded. Supplying the world with 87 percent of its opium, the dissidents in Afghanistan have plenty of money and time to make life very uncomfortable for those who projected U.S. military power in that nation.

The long effort to beat the Vietnam Syndrome had pushed the U.S. public to a point well short of the achievement of integral, incontestable hegemony for U.S. militarism. The bellicose architects and their many supporters in the Senate and House of Representatives—many dumbstruck by 9/11—could count on the money, allegiance, enthusiasm, trust, (press-led) jingoism, and short attention span of the U.S. citizenry—but they were much less able to spill the blood of combatants from working-class backgrounds.

In Iraq the death toll of U.S. soldiers exceeded 3,000 (with additional deaths of U.S. non-military security forces/contractors unpublished). A multiple of that number have been maimed and injured to a degree not seen in previous battles. That is, unprecedented medical intervention has saved thousands of combatants whose injuries are catastrophic and lifelong. Unfortunately but predictably, the hundreds of thousands of Iraqi war victims, overwhelmingly civilians, simply are not part of the calculus. This vital element of the ideology of militarism—deaths of opponents are, if not entirely irrelevant, better not mentioned—remains well-entrenched.

Consent for U.S. militarism cannot, since Vietnam, be sustained in the face of significant levels of U.S. combat deaths. Support for the Iraq

War has steadily withered as the death toll has climbed. Thus, rather than engendering integral hegemony, militarism has achieved at best minimal hegemony. That is, in the deployment of force by the U.S. state, the level of consent to be extracted from the underlying population is weak and conditional.

Military Keynesianism and Global-Neoliberal Militarism

After the Second World War the leading lights of the economics profession anticipated that the U.S. economy would fall back into depression. But, pent-up demand from the days of rationing during the Second World War actually led to a significant expansion of the economy, for a while. Then, in 1948–49 the economy seemed to falter and the dreaded stagnation hypothesis—the notion that the closing of the frontiers, lack of major technological changes to follow the automobile, slowing population growth, and other factors would all lead to an economic slowdown and rising levels of unemployment/underemployment—was much in evidence. At the same time in the political, strategic, and geopolitical realms a great deal of change was occurring, foremost among them the explosion of a nuclear device by the Soviet Union and the final triumph of Mao's forces in China, both in 1949. A recession broke out in mid-1949, suggesting to many that depression was imminent. Meanwhile, the U.S. military and its civilian advisors at the State Department were convinced that Washington could and should build an extremely costly super weapon, the hydrogen bomb, to trump the Soviets and create a permanent military edge of superiority.

Hence, with the participation of the Departments of Defense and State, the United States embarked on a series of high-level secret studies to determine what should be U.S. military posture in the face of these (and other) new contingencies that were viewed with great alarm by President Truman and the bipartisan political elite. Under the heading of National Security Document-68 (NSC-68), the Magna Carta of the Cold War era was gradually pounded out. Secret, but widely known for its conclusions until published in 1975, NSC-68 made the then novel argument that the U.S. economy had excess capacity and that high levels of military spending on a permanent basis would act as a stimulant to the economy—creating multiplier effects on employment and spending by absorbing the unemployed and the untapped production capabilities of U.S. industry. In its sheer breadth and comprehensiveness—both in terms of the creation and use of military power and in its focus on the economy—it is safe to argue that nothing like it has been produced since. Pale were the efforts of various groups in the 1990s, including the Project for a New American Century and the U.S. Government's Commission on National Security/21st Century, to emulate NSC-68.[4]

NSC-68 distilled the views of the military-civilian policymaking elite

that had recently acquired control of the state within the state—the National Security State. In the testy climate of 1947 dominated by the heady Truman Doctrine, the National Security Council, the Department of Defense, the Joint Chiefs of Staff of the Department of Defense (DoD), the CIA, the National Security Agency, and other new national security entities gave form to a new constellation of governmental agencies, bureaus, and empowered personnel. The shell of the National Security State was there and NSC-68 provided the ideological and theoretical structure to fuel the military-industrial "iron triangle" which has merged the interests of manufacturing and high-tech industries, the political apparatus of the state, the civilian Pentagon leadership, and the professional military.

In June 1950, the Korean War began and the race to pump up the military sector was on. Truman along with the political elite and the corporate leaders of the manufacturing sector became convinced, apparently, that the military Keynesian policy of high levels of government spending—even if occasionally financed through deficits—could boost the economy and keep it on an even keel. The Keynesian aspect of the policy related to the issue of full employment and rising wages. Within the new economic paradigm there was room for unions, with virtually all major military contractors and subcontractors operating with the cooperation of union workers in a high-wage, labor-intensive environment. Many contracts were cost-plus so rising wage payments were not an issue. Other contracts tended to allow for cost overruns or gold plating and the military services were indifferent to costs, since their only real focus was on the performance of weapons systems.

Periodically boosting military spending turned out to be a convenient way to combat recessions and slowdowns and to sidestep the conservative ideology that counter-cyclical additions to the public debt would undermine the integrity of the economy. To be sure, increased military spending in the late 1960s—towards the end of what had then been the longest consecutive period of economic expansion—led to a so-called overheated economy rife with inflationary pressures. But, setting aside that period, military spending has played a significant role in all economic recoveries save that of the early 1990s when extremely high levels of recently accumulated deficits combined with the winding-down of the Cold War precluded the adoption of the military spending tactic. This is the long legacy of NSC-68.

One part of that legacy, however, was jettisoned during the trying years of the 1970s: slowly but steadily the frontal onslaught on U.S. labor gained force and momentum as a principal means to reverse the then falling rate of profit. By 2006 the most successful of all unions, the United Auto Workers, was pushed into what seemed to be a death spiral. Military spending continues to play a major role, albeit a lesser

one than it did in the 1950–73 period, but the link between military spending and job creation and wage enhancement for the U.S. working class has long been broken. Military contractors today generally pay scant attention to their unions and strive to relocate to right-to-work states and/or directly attack unions. At one time the unions were an important part of the iron triangle using their political weight to support the contracts that their employers sought. The climate at the base of the iron triangle has changed because the corporate elite and the state managers abandoned the Keynesian capital-labor accord in the 1970s.

The new era of global-neoliberal militarism, following the debacle in Vietnam, began in the 1980s, not coincidentally with the onset of the Reagan/Thatcher era. In the United States, the objectives of global-neoliberal militarism are served by military spending, which boosts the profit rate of large corporations, creates new technologies such as the Internet, and contributes to policies that confront the onset of recessions. The objectives of lowering the unemployment rate, raising wages, and contributing to workers' economic security are no longer a consideration, as they were in the days of military Keynesianism.

Part of the neoliberal ideology is to destroy the state, except insofar as it defends the institutions of business ownership and the ability to project military power. But even military functions are to be privatized to whatever degree possible. Any conceivable activity in which the military sector engages is analyzed in terms of its potential to generate profit for the private sector. Hence, if potato peeling can be done at a profit, then this activity will be turned over to the private sector—assuming that such a change will not have a negative impact on the ability of military personnel to perform their functions. Even in the Keynesian era many operations and maintenance activities were spun-off to private contractors, but in the new era the search for possible privatizations has reached new heights. The logic of the privatization model is rather straightforward—for every billion dollars of expenditure on the military apparatus a larger percentage of these funds will circulate in the private sector where profit can be taken. Meals will be served, prisoners guarded, bases built, etc., but at a higher cost, and/or at lower wage and benefit levels, such that an impressive margin of profit can be extracted.

Neoliberals believe, a priori, that all public sector activities are inefficient and that (thanks to the regulating role of the free market) private sector activities are a model of efficiency. Hence, get the military out of every sort of activity to the fullest degree possible. This model is now in place in Iraq, where private contractors (operating an unofficial army with over a hundred thousand employees) have apparently enjoyed unrestrained opportunities to amass quick profits. As a result, a new addition to the military-industrial complex—a vast constellation of contractors employing a shadow military with a vested interest in higher

levels of military spending, particularly in the high-profit intervention/reconstruction business—has been created over the last fifteen years.

Abroad, global-neoliberal militarism can be distinguished from military Keynesianism in terms of projects for the structural adjustment of defiant nations. According to the president's 2006 *National Security Strategy of the United States*, nations remade by the United States will have borders open to trade and investment and will also conform to the neoliberal dictates of the IMF in terms of monetary and fiscal policies, labor policies (particularly flexibility programs that eliminate labor and obliterate any institutions of economic security and stability for workers), and tax policies (which shift the fiscal burden from capital to labor). An independent, democratic country cannot take control of its national resources and use them as it sees fit—such as nationalizing its transportation system or health system, or maintaining sovereign control over oil, gas, and minerals via nationally owned companies.

Meanwhile, in the nation-building exercise in Iraq, Washington is constructing at least four superbases, along with ten enduring bases or contingency bases where massive amounts of military material can be forward-staged for quick use in the Middle East, South Central Asia, and North Africa. Currently, the United States operates as one of its four superbases the Balad Air Base, a fifteen-square-mile facility near Baghdad, where the level of air traffic is second only to London's Heathrow airport. At the same time, the United States is building a $592 million embassy in Baghdad that is the biggest ever constructed worldwide.[5] Thus, in Iraq as elsewhere, a "democratic" regime has been stripped of the essence of autonomy, is compelled to follow a rigid neoliberal economic model in domestic and international arenas, and, furthermore, yields to the permanent basing of U.S. military forces, while an overweening embassy duly keeps notes on the degree of conformity with the new model of global-neoliberal militarism.

The Macroeconomics of Militarism

During the era of military Keynesianism the Soviet "threat" was the pretext for runaway outlays on the military. Threat inflation kept the wheels of the military-industrial complex greased with profits for the private sector, jobs for union workers, and new gizmos of destruction for the military. After a brief period of disorientation when the Soviet Union collapsed in 1989–91, threat inflation is once again the prime device facilitating runaway outlays on the military—this time with the military receiving the new gizmos the contractors happily provide, but without the same pressure to raise wages and create jobs for the U.S. working class. The director of MIT's Security Studies Program, Harvey Saplosky, refers to the current bout of threat inflation as being driven by what he terms "You Never Know(ism)":

> You Never Knowism is the guiding ethos of U.S. national security. National security planning documents are rife with it. They evoke a world of swirling uncertainty and rising complexity, a time of unprecedented change, where predictions are impossible but dangers great. They claim that the simple Soviet threat has been replaced by more various and irrational ones, which require capabilities-based planning—building military forces with no particular foe in mind.
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> The *Quadrennial Defense Review* (QDR), the defense planning document drafted every four years to guide U.S. defense spending, is only the latest example. Following the *National Security Strategy* (2002), the *National Military Strategy* (2004), and the *National Defense Strategy* (2005), the *Review*, released in February [2006], states that the United States now faces a hostile mix of terrorists, failed states that we must order, insurgencies, rogue states with missiles, and large militaries like China's.
>
> Like these prior strategy documents, the QDR does not bother to estimate how probable these threats are and decide to focus on one or another on that basis. It contends simply that "managing risks" compels us to prepare for all of them.[6]

Because of 9/11 the marketing of fear resonates with the U.S. public even more perhaps than did such attempts in the 1950s when it was not possible to point to any form of Soviet military intervention in U.S. territory. Yet, as the specialists in security studies at MIT maintain, in relative terms the widespread fear of terrorist attack has little basis in reality—while serving to drive military expenditures higher and higher:

> The dirty secret of American national security politics is that we are safe. Americans might be the most secure people in history. But we worry. We are told that our enemies may be organizing our destruction in pockets of disorder, which are growing. We are taught that the world is chaotic, awash in civil war and terrorism, which could strike us "any place, with virtually any weapon." We hear that our satellites are ripe for attack, that pirates prey on our shipping, that Iran's nuclear weapons portend disaster, and that China is a growing threat. At base, however, most arguments claiming America's insecurity rely on implausible scenarios. The futures these arguments fear are not probable but possible. It is possibility that justifies the defenses they advocate.[7]

With the public largely in a receptive and uncritical mood regarding military spending, the expansion of the military budget that began in 1999 has continued. According to data compiled by the U.S. government's Office of Management and Budget, the current ten years

(fiscal years 1999 through 2008) of sequentially rising arms spending, measured in inflation adjusted expenditures, is now longer than that of the Vietnam era (six years of real rising outlays) and Korea (four years). In relative terms, real Department of Defense outlays in the Vietnam era rose by 35.7 percent during 1963–68, while during 1999–2006 real outlays soared by 56 percent.[8] For 2008, overall basic military spending is slated to leap by 11 percent, following a strong estimated increase in 2007. Some of this is driven by the boots-on-the-ground philosophy of the Bush administration, with army and marine forces scheduled to rise from the 2006 level of 694,000 to 749,000 in 2011.

Moreover, the actual level of funding for all military related outlays is much larger than what is encompassed by direct DoD outlays. Determining precisely how much larger is not really possible. Nonetheless, making some reasonable assumptions regarding various items in the U.S. budget, it is possible to demonstrate that overall military expenditures amount to roughly 80 percent more than the public believes, based on press releases of the Pentagon. The following formula roughly accounts for the total annual outlay for all military related expenditures (MilReEx):

MilReEx = DoD* + Int Aff x .5 + Science & Space + Vets + Net Interest x .81 + Homeland + Other Def

Where:

DoD* includes basic DoD outlays + atomic energy related outlays

Int Aff x .5 attributes 50% of State Department and aid outlays to military purposes

Science and Space includes research & development for space weapons and systems

Vets includes all expenditures by the Veterans Administration

Net Interest x .81 attributes 81% of the annual interest payments on the federal debt to past wars and periods of military build-up[9]

Homeland includes all outlays for Homeland Security not in **DoD***

Other Def includes a variety of civilian outlays due to military spending such as military retirement

In 2003, for example, basic DoD outlays were $387 billion, or about $41.7 million per hour, while the total outlays, or MilReEx, amounted to $686.3 billion.[10] For 2006, the Office of Management and Budget records estimated DoD outlays at $512 billion while estimated MilReEx amount to $929.8 billion. On this basis, and adjusting for inflation (using year 2000 constant dollars) MilReEx jumped from 5.9 percent of the Gross Domestic Product to 7.1 percent from 1999 to 2006—far from the 3–4 percent range commonly assumed by pundits and economists. What this means, among other things, is that MilReEx have been a leading sector since 1999, and were particularly important when they soared precisely as

the economy turned downward and slowly recovered in the 2001–03 period, while serving as a vital prop to the otherwise relatively weak economy since then.

Ironically, one of the major factors *slowing* MilReEx was the *decline* in net interest payments during the current round of arms buildup primarily due to the aggressive cutting of the interest rate by the Federal Reserve beginning in May 2000. Viewed in another way, as interest rates have risen to a more historically established level since November 2005, the burden of past bouts of DoD outlays financed by deficits have increased. Net interest outlays fell from $234 billion in 1999 to $144 billion in 2003, climbing to an estimated $192 billion in 2006.[11] Not only did the burden of interest payments fall by 48 percent in real terms, but the drop in net interest payments meant that a much greater portion of MilReEx circulated *within* the U.S. economy since the reduction in the net interest component meant that a smaller portion of military expenditures was shifted abroad to pay foreign owners of the U.S. national debt. Thus, MilReEx had *more* of a stimulating impact on a recessed economy in the 2000–03 period than one might surmise viewing only the jump in the MilReEx/GDP ratio.

While the above calculations are rough estimates of MilReEx, in one important area the figures could be *too low* by perhaps as much as $50 billion or more: The United States has fifteen intelligence services, including the giant National Security Agency and the Central Intelligence Agency. The amount budgeted to these agencies is a national security secret, although prior to the current long buildup it was common to encounter annual outlay estimates in the $30 billion range. It is commonly assumed that this budget is hidden in one or more of the categories relating to MilReEx. But it would be more consistent with the general obfuscation of the real cost of global-neoliberal militarism to hypothesize the burial of the intelligence budget *outside* of the categories mentioned above. Thus, as large as the numbers cited above are for MilReEx, and as far from the conventional wisdom regarding DoD costs as they are, they are likely to prove to be an underestimate of total MilReEx due to (1) possible untracked intelligence expenditures, and (2) foreign arms sales of which only a portion is included in the international affairs item—the rest being private sector arms exports unsupported by government funding.

Structuralist versus Neoliberal-Unilateralist Views on the Arms Boom

What is behind the big jump in arms spending? Here a serious debate seems to loom. It is possible to encapsulate this debate by dividing analysts into two camps, those who hold to either the "structuralist" or the "neoliberal-unilateralist" view. The structuralists find basic

continuities in U.S. strategic policy from at least the 1940s, if not earlier, to the present—marked by periods of vast military buildup and by periods of stasis and limited decline.[12] Some structuralists, such as Gabriel Kolko, trace this to the larger geopolitics and global political economy of the United States—or to basic tendencies within capitalism, modified in various phases (e.g., monopoly capitalism and the recent neoliberal financialization phase), as in the case of Harry Magdoff and authors associated with *Monthly Review*.[13] Within the structuralist framework central recognition in analyzing militarism is given to the rather broad range of strategic visions that have existed regarding power projection and forward defense. Thus, during the high-points of tension between the United States and the Soviet Union, there were high-level civilian and military strategists who urged preemptive war, and spending rose. Rollback and first strike were seriously entertained within the higher circles of power, but were set aside in favor of more indirect forms of confrontation. Quirky presidents and belligerent "preventive war" advisors have existed long before the George W. Bush administration began to flout their ideas of the unrestrained *use* power. In this view the concept of the United States as the world's only superpower constitutes a change of limited substance. The emphasis here is on *continuity* where the United States is viewed as a nation dominated in Kolko's interpretation by structuralist tendencies coupled with the volunteeristic use of power—guided not by a viable strategic doctrine but by wishful thinking and self delusion. Thus according to Kolko, with respect to the United States:

> Its grand military strategy always contained an important element of wishful thinking; but as it became more ambitious, the unexpected surprises increased. Its defeat in Vietnam revealed that although the United States had a great deal of firepower, it utterly lacked the essential political understanding needed to avoid more failures....What the United States does best is spend money as if weapons provide solutions to political and social problems, and because it is so rich it has not learned anything fundamental from its past errors.[14]

While the Bush administration harped on its unilateral power, the world is becoming more multipolar—a new phase in international relations has emerged since 1999. In this new phase:

> [T]he US impulse to intervene virtually everywhere in the world had led to an incoherent foreign policy that confronted many more challenges than it could resolve....[T]he way the United States viewed the world and its commanding role in it, along with its core assumptions about the means and institutions it possessed for attaining its goals were seriously confused....The dilemma was

> not only its persistent definition of global priorities that exceeded its military and political resources, but also the fact that many of the places in which the United States had intervened in the past remained continuing obligations, leaving an accumulation of troublesome legacies to potentially challenge the future.[15]

For structuralists like Kolko the problem is to some degree reducible to the fact that the United States has always believed its role was one of predestination, leading to a global mission that would altruistically impose "democratic" rules and institutions upon much of the rest of the world. In this context the wars in Afghanistan and Iraq and the current possibilities of conflict with Iran are not exceptional, but merely recent examples of self-delusion and wishful thinking regarding the potential use of military power.

In the neoliberal-unilateralists' perspective, U.S. foreign policy and military strategy have been seized through a neoconservative policy "coup." This has its origins in organizations such as the Project for a New American Century, which urged a vast increase in military spending and war on Iraq during the Clinton administration, and the Congressional Policy Advisory Board, formed in 1998, in which the same neoconservative zealots urged a much more aggressive use of U.S. military capabilities. Perhaps the best treatment of this perspective is to be found in James Mann's *The Rise of the Vulcans,* but the idea of a fundamental discontinuity in the projection of U.S. power is also to be found in Ron Suskind's *One Percent Solution* and in Kevin Phillip's *American Theocracy,* which takes up the discussion from the standpoint of the rise of religious fundamentalism and its advocacy of a muscular foreign policy.[16]

One aspect of the neoliberal-unilateralist perspective, arguing that U.S. policy has fundamentally changed—now being more volatile and aggressive than in the past—is open to structuralist criticism. Advocates of the aggressive use of military power, such as Donald Rumsfeld, are often not newcomers to the arena of political power—many date back to the early days to the first Reagan administration, others to the Nixon era and are not neoconservatives. Yet, it is possible to argue that these personalities have been gradually pulled over to the worldview of the neoconservatives as the power structure of Washington has shifted toward the more rightist think tanks such as the Heritage Foundation, the Cato Institute, and the American Enterprise Institute, among others.

The neoliberal economic offensive against workers that began in the 1970s has proceeded unabated; the rightist onslaught has fragmented the working class, accelerated outsourcing, raised the rate of profit, and dropped taxes precipitously for the affluent and particularly for the rich. These discontinuities between the 1945–70 period and the current era have seemingly been matched by discontinuities in the exercise of U.S.

power projection. The postwar presidential administrations until the rise of the Reagan/Thatcher era of neoliberalism, while sometimes influenced by extreme advocates of first strike and roll back—threatening a preemptive war with the Soviet Union—were generally guided by plodding "realists" such as George Kennan, or more recently Brent Scowcroft.

Today "realists" have been pushed out of policy making and strategic circles, replaced by neoconservatives such as Elliot Abrams, who since 2002 has been senior director at the National Security Council. There is no doubt that President Bush's failure to go along with the 2006 *Iraq Study Group Report*, which was largely the product of his father's secretary of state, James Baker, considered a consummate realist, is an indication of the neoconservative weight in the framing of U.S. military/foreign policy.

Even Kolko seems to have adopted the view that there has been a discontinuity in the exercise of power projection and military strategy:

> The Bush administration made foreign policy proposals that were breathtaking and open-ended, painfully and obviously vague projects and commitments whose ultimate consequence in most cases could scarcely be predicted....The studiously vague US war on terror introduced an element of irrationality in the international order that did not exist until the mid-1990s.[17]

Nonetheless, he argues elsewhere that while it has been brasher than previous administrations, the substantive difference is one of capability, with the Bush administration "consummately inept in almost everything it did."[18]

Putting to rest this debate is beyond the scope of this article. But although evidence would seem to suggest that structures are important and continuities can be found in U.S. power projection, Washington has now embarked on a form of global militarism that stretches beyond the precedents established in the postwar era. Where but in the Bush administration's *National Security Strategy of the United States* and similar documents is to be found open-ended, threatening language such as this?: "While we do not seek to dictate to other states the choices they make, we do seek to influence the calculations on which these choices are made. We also must hedge appropriately in case states choose unwisely....we must be prepared to act alone, if necessary."[19]

The Bush doctrine of self-justificatory preemptive war and permanent military superiority as stated in 2002 and 2003 arose from a long struggle by neoconservative elements to dominate the definitions and uses of U.S. military power. The neoconservatives, in the 1964–95 period, sought to take over the conservative political space, using a fierce combative style to resurrect U.S. military assertiveness and strategies of global

dominance in the aftermath of Vietnam. Vietnam suggested that force was not a viable means of policy, while the neoconservatives believed the contrary. With the unexpected end of the Cold War some neoconservatives believed the "imperial moment" had come for the resurrection on a far larger scale of the "American Century," while others were unsure and undirected.

By 1995 a new generation of neoconservatives began to emerge: They envisioned "military power as an instrument for transforming the international system and cementing American primacy." The neoconservatives held to "the certainty that American global dominion is, in fact, benign and that other nations necessarily see it as such." A major tenet of the neoconservatives of the second generation is "nothing works like force." Peace occurs *only* as an outcome of war. "[P]romoting the assertive use of American military power became central to the imperial self-definition devised by second-generation neoconservatives."[20] Thus, the buildup of military power became central to their focus and the realist assumption that all nations face limits in their ability to act became a heresy when applied to the United States. Armed force was the best means, probably the unique means, to project American values—this is Wilsonianism on steroids.

Defining Interests

A balanced approach would suggest that neither the structuralist nor the neoliberal-unilateralist theses are entirely wrong, and that in this most recent phase of U.S. global-neoliberal militarism is a product of the two. The elements of continuity in U.S. military policy and doctrine and the fact that Democrats as well as Republicans—the economic interests of Silicon Valley as well as the oil interests of West Texas—supported the new phase of U.S. militarism suggests that the dominant class forces taken as a whole were generally consenting in the expeditionary military buildup after 9/11. Nonetheless, the management of the wars, due to the makeup of the Bush administration itself, was spearheaded by neoconservative Vulcans, creating conflicts within the elites of the U.S. body-politic, exemplified in the "realist" Iraq Study Group critique of the Bush Doctrine. In that sense the "neoliberal-unilateralist" thesis, though crude, and often misleading, has something to teach us. It may indeed reflect the evolution of a whole new age of U.S. imperial strategizing and military power projection, in which structural forces too are pointing toward greater adventurism.

According to neoconservative ideology, U.S. intervention is values based—imposing "a single sustainable model for national success: democracy, and free enterprise" in the words of the 2003 version of the *National Security Strategy of the United States.* Lurking behind such conceptions is the much denied question of interest-based use of force

characteristic of capitalism: To access resources, to control resources, to dominate markets, and to ensure stability of relationships that facilitate the functioning of the U.S. economy.

In this context, the U.S. intervention in the Persian Gulf should not be seen as all about oil but also, and more importantly, about capitalism and geopolitical domination—that is, accumulation, militarism, and (informal) empire. Oil is a strategic resource"—the single most important energy resource—and its control has long been central to U.S. strategic policy. But the pluses of intervention for the power structure go far beyond that.

From the standpoint of the neoconservatives now dominating the state within the state, interventionist actions will: (1) produce a surge of support for the White House thereby enabling it to accomplish other objectives; (2) defeat defiant nations and by extension demonstrate to other nations that defiance will result in destruction of their regimes; (3) realign resources and market access relationships; (4) allow for the repositioning of U.S. military bases and forward staging facilities; (5) restructure geopolitical relationships; (6) show the "will to power" of U.S. leaders, creating shock and awe abroad and further cementing the ideology of militarism within the psyche of the underlying U.S. population. From the standpoint of the iron triangle of the military-industrial complex (a crucial aspect of the overall system), military intervention and war can sell weapons and boost MilReEx in general, leading to major innovations in new weapons and creating technological spin-offs into the private sector. It can serve to elevate further the esteem of the military, creating fast promotions for military officers.

Nevertheless, the fog of war remains. Such blitzkrieg policies can also go terribly wrong from the perspective of the policy planners and strategists, revealing—as Kolko has maintained—the delusional, wishful nature of U.S. power projection. In the final analysis facts and events can be known and analyzed, but motive(s) can only normally be attributed—members of the power elite very rarely reveal their motives, speaking rather in an elite code of ideological obfuscation to which their own understandings are often prey. It is likely that they act on structural imperatives that they may not fully articulate, or even understand. As Kolko concludes: if the United States "continues as it has over the past half-century, attempting to satisfy its vainglorious but irrational ambition to run the world, then there will be even deeper crises and it will inflict wars and turmoil on many nations as well as on its own people. And it will fail again...."[21]

Rather than constituting something entirely new, the current neoconservative thrust of U.S. grand strategy has tragically accelerated dangerous belligerent tendencies built into the structure of the U.S. political economy. Blowback effects from earlier phases of intervention

(in Iran, Iraq, and Afghanistan) have now combined with the new superpower illusions creating a vortex of runaway forces, that seemingly justify a ten-year escalation in military spending—most of which has nothing to do with the Middle East and Southwest Asia.

Yet, such forces were beaten back in the context of the Vietnam War—as they must be once again.

Notes

1. Joseph V. Femia, *Gramsci's Political Thought* (Oxford: Oxford University Press, 1987), 24; James Martin, "The Political Logic of Discourse," *History of European Ideas* 28, (2002), 25.
2. The 3,000+ base figure is taken from Harry Magdoff (see the following note). For an early attempt at analysis on the strategy of "forward defense" that undergirds the global bases policy see George Marion, *Bases and Empire*, 3rd ed. (New York: Fairplay Press, 1949). For a recent review of the same issue see Chalmers Johnson, *The Sorrows of Empire* (New York: Metropolitan Books, 2004). The editors of *Monthly Review*, in a recent study, put the number of U.S. bases overseas at the end of the Cold War at around eight hundred, The Editors, "U.S. Military Bases and Empire" *Monthly Review* 53, no. 10 (2002): 1–14.
3. Magdoff's brilliant essay "Militarism and Imperialism," was widely read at the time and warrants rereading today: see Harry Magdoff, *Imperialism: From the Colonial Age to the Present* (New York: Monthly Review Press, 1978), 198–212.
4. Fred Block's "Economic Instability and Military Strength," *Politics and Society* 10, no. 1 (1980): 35–58, remains the best introduction to NSC-68. On the Project see, James Mann, *The Rise of the Vulcans* (New York: Viking, 2004), 238, 243, 285. On the commission see, James Cypher, "Return of the Iron Triangle," *Dollars and Sense* (January–February 2002), 16–19, 37–38.
5. Michael Hirsh, "Stuck in the Hot Zone" *Newsweek*, May 1, 2006, 1–4, http://msnbc.com.
6. Benjamin H. Friedman and Harvey Saplosky, "You Never Know(ism)," *Breakthroughs* xv, no. 1, (Spring 2006): 4.
7. Friedman and Saplosky, "You Never Know(ism)," 3.
8. Office of Management and Budget, *Historical Tables: Budget of the United States*, http://origin.www.gpoaccess.gov. The Korean War era buildup was much larger—a 221 percent increase in real DoD outlays, but this was partly due to the much smaller base.
9. Robert Higgs, "The Defense Budget is Bigger than you Think," *San Francisco Chronicle* (January 18, 2004).
10. Office of Management and Budget, *The Budget for Fiscal Year 2007, Historical Tables*, 59–60, 77–78, http://origin.www.gpoaccess.gov.
11. Office of Management and Budget, *The Budget for Fiscal Year 2007, Historical Tables*, 147–48, http://origin.www.gpoaccess.gov.

12. The most articulate advocate for this view is Gabriel Kolko whose research on the limits of U.S. power is vast. See Gabriel Kolko, *Another Century of War?* (New York: The Free Press, 2002) and especially *The Age of War* (Boulder: Lynne Reinner, 2006).
13. See Paul Baran and Paul Sweezy, *Monopoly Capitalism* (New York: Monthly Review Press, 1966); Harry Magdoff and Paul Sweezy, *Stagnation and the Financial Explosion* (New York: Monthly Review Press, 1987); Fred Magdoff, "The Explosion of Debt and Speculation" *Monthly Review* 58, no. 6 (November 2006): 1–23.
14. Kolko, *Age of War*, 91.
15. Kolko, *Age of War*, 88–89.
16. James Mann, *The Rise of the Vulcans* (New York: Viking, 2004); Ron Suskind, *The One Percent Doctrine;* Kevin Phillips, *American Theocracy* (New York: Viking, 2006).
17. Kolko, *Age of War*, 105, 108.
18. Kolko, *Age of War*, 120.
19. President of the United States, *National Security Strategy of the United States* (2006), 36–37, http://www.defenselink.mil.
20. Andrew Bacevich, *The New American Militarism* (New York: Oxford University Press, 2005), 83, 84, 86.
21. Kolko, *Age of War*, 178.

MONTHLY REVIEW — *Fifty Years Ago*

I have never been to Auschwitz or Belsen or Dachau. But I did visit Hiroshima. And as I walked through its Memorial Hall and saw what the city was like before and after the fateful moment of 8:15 A.M. on August 6, 1945, one thought kept recurring in my mind: how many of my countrymen who are justifiably shocked at the horror of Hitler's crematoria ever remember that it was an American plane that dropped the A-bomb which poured ashes of death over 400,000 human beings? The barbarous Fascists stoked their furnaces with the bodies of people already murdered; the American A-bomb burned living men, women, and children....

Time is running out. Even the tests are dangerous to the health of the world. We must make the movement to ban the bomb encompass not just the Left who are already aware of the dangers, but *all* of our countrymen.

—Leo Huberman, "Report from Japan," *Monthly Review*, June 1957

REMEMBRANCE

With Thanks to Hans Koning

ELIZABETH (BETITA) MARTINEZ

Hans Koning died April 13 in his Connecticut home at the age of eighty-five. Monthly Review Press had the distinction of publishing three of his books. One of them, still a classic in many high schools, was *Columbus: His Enterprise—Exploding the Myth*, the first trade book to challenge the U.S. origin myth. That myth says that this nation was founded by brave white men fleeing oppression—not by genocide, enslaved labor, and imperialist expansion. Originally published in 1976, the U.S. Bicentennial year, it was reprinted in 1992, the five-hundredth anniversary of Columbus's voyage, when it sold 30,000 copies. MR Press also published *The Conquest of America: How the Indian Nations Lost Their Continent* (1993).

In 1974, MR Press published the paperback edition of Hans Koning's *The Almost World*, a haunting personal account of his life that begins with him being ferried from France to England in 1944, on leave as the youngest sergeant in the British army fighting Nazi Germany. As a youth in Amsterdam he had seen his homeland occupied and soon fled to join the British as a volunteer.

Later the book takes us to Indonesia, where Koning ran a cultural radio program for the newly independent government, then to the United States, settling in New York and discovering the idealism of the 1964 Mississippi Freedom Summer along with the dregs of capitalist culture, and the war on Vietnam. "There are more Vietnams to come," he wrote in a 1972 introductory note.

Koning (who changed his name from Koningsberger) wrote forty other novels, nonfiction works, plays, travel books about China and Russia, and young adult books (*The Future of Che Guevara* being my own favorite), not to mention many articles in national magazines. He brought history alive, as in *A Walk with Love and Death* (1961)—one of several Koning books made into a movie—about a French peasant revolt in 1358, written in the first person. Or again in *Death of a Schoolboy* (1977), about the high school youth who shot the Archduke of the Austro-Hungarian Empire in 1914, launching the First World War, also told in

Elizabeth Martinez, who is an activist, university lecturer, and author of six books on social justice struggles in the Americas, was married to Hans Koning in the 1950s. They remained colleagues until his death this year.

the first person by the boy. Beyond colorful, those books raised contemporary issues. Koning's vision of both humanity and history as boundless defined much of his work.

In its obituary, the *New York Times* called Koning "left-leaning." True, though an understatement. (His grandfather founded the Dutch Socialist Party, so there may have been some genes at work.) His revolutionary heart did not fail him, as others including Noam Chomsky have noted. As a radical novelist he can be compared to John Nichols of Taos, New Mexico, who once quoted Hans as having said: "Nothing is uncontroversial....Every word is a stone and every plan a barricade." Nichols concluded, "Artists need to be activists. A writer's job is to create in defense of this globe."

Koning did not simply write his hard-hitting politics. He also served them directly by training participants and leafleting for demonstrations in England and the United States, lobbying officials in more than one country, going to jail for protesting the Vietnam War, preparing regular radio talks, and founding Resist, the direct-action anti-draft movement—a wide variety of actions. Just re-read *Nineteen Sixty-Eight: A Personal Report* (1987). It is all there.

Koning was an artist, ferocious and devastating but not without beauty. "I want to start a whispering in the universe," he wrote in 1979. Shall we someday hear the global whisper rise, and rise, and rise, until it roars with justice around our planet and others?

Hans Koning would have it so. I know.

P.S. Do look for the books he finished not long before his death: *Rescue* and *The Irish Deserter*, to be published in the near future.

I cannot help but hesitate a moment before opening the bloody record of the Conquest. You have to be careful, writing about history. Humanity has a long and cruel past, and I would not soon label something done on this earth as "without precedent." But we have to live with the fact that most nations and most men (and, more rarely, women) have under certain historical circumstances been capable of terrible deeds. It is our duty to try to understand how such things could happen and, indeed, still happen and how they can be stopped. Indeed, in our days, for the first time, people are beginning to see themselves as their brothers' and sisters' keepers, across all borders. There is still hope for the likes of us.

—Hans Koning, *The Conquest of America: How the Indian Nations Lost Their Continent* (Monthly Review Press, 1993)

REVIEW

Hippocratic Hypocrisy in the War on Terror

ELIZABETH WRIGLEY-FIELD

Steven H. Miles, M.D., *Oath Betrayed: Torture, Medical Complicity, and the War on Terror* (Random House, 2006), 240 pages, hardcover $23.95.

When he saw the pictures from Abu Ghraib, medical ethicist and practicing physician Steven Miles immediately wondered: Where were the doctors, nurses, and medics while these abuses were happening?

Answering this question led him to read some 35,000 pages of government documents, including testimony, e-mails, autopsies, and internal investigations, all released in response to an ACLU lawsuit under the Freedom of Information Act (FOIA). Miles then meticulously integrated his review of this evidence with the conclusions of investigations conducted by the mainstream press and international human rights organizations. The result is *Oath Betrayed.*

This extensively cited (though, frustratingly, index-less) book focuses on torture at U.S.-run prisoner detention sites in Iraq, Afghanistan, and Guantánamo Bay. These sites are microcosms of the war on terror generally, in concentrated form: violent, racist, and run with neoliberal incompetence. Miles documents physicians in Iraq reusing gloves and syringes because they lacked adequate supplies; he shows that tuberculosis screening in U.S.-run prisons is worse than it was under Saddam (with sanctions); and he explains that corrupt private food contractors did not supply the meals they were paid for, that food they did bring was filled with bugs and dirt, and that prison commanders did not have the authority to enforce contracts with private suppliers.

Against this backdrop of corruption and neglect, medical personnel were integrated into the interrogation structure, through what Miles calls an unprecedented role for Behavioral Science Consultation Teams (BSCTs—"biscuits"), which included psychiatrists and psychologists. At Camp Na'ma in Iraq, according to an intelligence officer, "*every harsh*

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interrogation was approved by the [commander] and the Medical prior to its execution" (55; emphasis in the original memo).

Psychologists' and psychiatrists' involvement in interrogational BSCTs led them to identify with the interrogation process. Miles describes, "Behavioral clinicians reportedly micro-managed some interrogations; one anal Guantánamo psychiatrist suggested rationing toilet paper to seven sheets per day and limiting water for bathing" (55–56). Elsewhere, Miles presents the reaction of Navy medic Petty Officer Blay to beatings he witnessed: medical clinicians helped "the prisoners 'to know that these people were now in charge.' He did not report the beatings because he felt they were reasonable" (121).

The BSCTs were only one element of a prison medical system that often seemed to have more to do with repression than with healing. When the United States took power in Iraq, it put Hussain Majid, the medical director of Abu Ghraib under Saddam Hussein, in charge of the prison's "common criminals." One hundred and twenty pages into the book, Miles gives the answer to his original question about where the doctors and medics in Abu Ghraib were: they were there, they saw what was happening, they did not report it, and they were never punished.

Miles finds that medical professionals have been complicit with torture consistently, in many capacities, at every site of the war on terror. Collectively, doctors and medics have failed to report torture they witnessed firsthand, or clear evidence that they saw in the brutalized bodies of prisoners. They have allowed autopsy reports to be falsified to hide murder and abuse, have handed detainees' medical records over to interrogators, and have advised interrogators on how to "break" prisoners. They have turned medical examinations into moments of torture, as with the medic who let the notorious Abu Ghraib offender Charles Graner stitch up the Iraqi face he'd just sliced open for sport (125); or when another medic let a soldier use a medical exam as a pretext for sexual assault (135).

The Difficulty in Documenting Dehumanization

The book's force comes from the accumulation of horrific details like this, which makes it impossible to deny the scope and depth of the problem Miles is documenting. This is despite the limitations of the evidence available to him. Although the U.S. government has had to release a mountain of evidence of its own wrongdoing, it has kept much hidden from view. All interrogation logs remain classified—except one, a leaked journal by psychologist John Leso, who documented, over fifty days, the torture of Mohammed al-Qahtani at Guantánamo. Neither Leso nor any of the many other medical professionals who witnessed his treatment appear to have mounted any complaint—though ultimately the FBI did. No other interrogation logs are available. Neither is much

documentation on the treatment of women and children prisoners, even though it is known to exist; Miles suggests that this information is being intentionally suppressed, as the pictures of women being sexually abused at Abu Ghraib have been. It is worth bearing in mind that the horrors Miles is able to document are the parts the government has decided it *would* release under FOIA challenge.

The flipside of this assemblage of stories, however, is a danger of them becoming generic. This is exacerbated by government censorship: the documents Miles accessed are heavily redacted fragments of what has happened to the people involved. This can make reading the book a strange experience. We are reading about tremendous acts of dehumanization, but we rarely have much detail that would humanize the victims for us. The very accumulation of moral outrages that gives the book its strength also produces a kind of disconnect, as the stories can become all too normalized.

This problem isn't unique to this book. It is a problem of portraying extreme dehumanization in general: how can you convey the commonplaceness of cruelty without making cruelty itself commonplace? Even the Abu Ghraib pictures, which stunned the world with their grotesque brutality, can lose their power to force you to think about the people involved. At one point, Miles quotes one of the prisoners (arrested for car theft) who experienced the torture portrayed in the photographs from Abu Ghraib: "He put his whole weight on my head and on my knee. I was screaming and crying....I wanted to kill myself....I felt humiliated but I had nothing to kill myself with" (119–20). The photographs don't convey screaming and crying. Even the prisoners' faces are hooded from view. The pictures have become so iconic that it takes a new detail—like this short description of the actions and feelings of a prisoner—to shock us back into imagining the scene.

Many of the details in *Oath Betrayed* serve this function. Miles depicts the beatings and humiliation of one woman at Abu Ghraib, including being stripped in front of male soldiers and her own nephew. When she described her beatings to doctors, one remarked "that it 'looks like you were run over by a guard' and to thank God her brain was not injured" (124). Reading these stories is surreal. In the margin next to that one, I wrote that it was like a horror movie—an ironic remark, since, Miles points out, "Americans are fascinated with images of torture even though we carefully keep its frightful reality at a distance. Our favorite form of voyeurism is fictional torture...[and] the same corporations that produce movies primly sanitize torture for their news shows" (19–20).

The difficulty in piecing together stories from censored documents isn't Miles's fault, of course, and he does an excellent job of providing an overview of medical complicity in violence and torture. He provides

humanizing details—names, ages, occupations, and quotes from torture victims or their survivors—whenever he can. These passages are the most affecting in the book. For example, Miles follows the story of Dilawar, "a twenty-two-year-old farmer and taxi driver, whom American soldiers tortured to death over five days at Bagram Collection Point in Afghanistan in December 2002" (68). He describes the torture that resulted, according to eventual coroner testimony, in Dilawar's legs being "pulpified" and his body looking like it had been "run over by a truck" (69). In telling the story of Dilawar's death, Miles explains that another prisoner had died at the same facility in almost the same way, six days earlier; that the military produced multiple death certificates and told reporters Dilawar had died naturally of heart disease; and that he left behind a wife and two daughters.

Miles can do this because Dilawar's is one of very few cases in which, confronted by reporters who had tracked down the conflicting death certificates, the army pressed charges against some of the soldiers involved. Elsewhere, Miles describes reporters' obsequiousness in most Pentagon briefings, leading us to wonder just how many Dilawars have had their deaths ignored.

Where Does Torture Come From?

The accumulation of evidence in *Oath Betrayed* demolishes the idea that, if medical professionals have sometimes failed to live up to their ethical responsibilities at U.S. detention sites, these are isolated individual failures. Miles shows that medical personnel's role as investigative arms of the war on terror—as opposed to providers of health care—was created from the top down, through the extensions of the BSCT program. So was the idea that basic standards of humane treatment, such as the Geneva Conventions, do not apply. And so was the racism and cruelty at the heart of these policies—Miles cites documents quoting the then-commander of ground forces in Iraq, General Ricardo Sanchez, saying of a group of detained Iraqis, "Why are we detaining these people? We should be killing them" (50).

Given this lead from the top, the consistency of medical abuse across the sites of the war on terror—what Miles calls "an administratively coherent archipelago of facilities stretching around the world" (152)—is not surprising. But it does pose fundamental questions: Why are doctors, ostensibly charged with caring for people, so easily able to become their abusers? And is this inevitable?

These questions reveal a contradiction at the heart of the book. There is no way to read this book and believe that torture (and medical complicity with it) can be blamed on a few "bad apples." Every page shows that the problem is systemic. Drawing on prior research into Nazi doctors, Miles notes that "physician-torturers do not have a unique

psychological profile" (29) and implicates the societies that produce them. In a powerful concluding passage, Miles argues that "the ostensible purposes of torture are rationalizations used by a society that has decided that torture is morally permissible and politically desirable," and he roots it instead in the political need for a "mirrored netherworld" of dehumanized, supposedly omnipresent enemies (161).

Yet Miles also believes that there is a legitimate role for medical professionals in military interrogations, limited to "train[ing] an interrogator in rapport-building skill and cross-cultural communication" (66). Miles's target is not U.S. imperialism. He repeatedly argues that torture ultimately harms legitimate U.S. national security and intelligence-gathering efforts. It would be a mistake to see his own opposition as rooted solely in these "pragmatic" concerns; nearly every page conveys his disgust for what torture is doing to the lives of its victims and to the souls of its perpetrators. But because he accepts a legitimate role for the United States in holding and interrogating prisoners in the name of fighting terrorism, he does not penetrate deeply into the political and military conditions that lay the groundwork for torture.

We are left with a kind of institutional variation on the bad apples argument: medical abuse is systemic—but the medical-military system can be restructured to avoid it. Yet it is impossible to imagine one part of the U.S. government violently occupying Iraq, while another provides decent health care and protection to the Iraqi people. The violence of occupation is the main source of the Iraqi people's need for medical care; the medical adjuncts of that occupation cannot be the source of that care as well. Miles himself states that "a torturing society must secure the passive assent or active complicity of its professions" (164). He follows the doctor Robert Jay Lifton, who studied medical involvement in torture in Nazi Germany, in directing our attention to "atrocity-producing situations" (160).

But imperial occupations are, in and of themselves, atrocity-producing situations. There is no way to control Iraq, or Afghanistan, against the will of its people without attempting to terrorize them out of resisting, and without using extreme racism to get the soldiers and populace of the imperial power to go along. Those are the conditions that produce torture. That means that, one way or another, this occupation seems destined to produce travesties of medical ethics, as long as medics have a role to play in it.

These violations of medical ethics need not be limited to the treatment of Iraqis, as demonstrated by the wounded soldiers being judged medically fit for further tours in Iraq by doctors serving an overstretched military. And nor is the U.S. government's politicization of doctors limited to those on its own side: recall that the first target of

the November 2004 assault on Fallujah was the hospital, with the U.S. claim that it had inflamed the insurgency with "inflated" casualty counts the previous April.

Medical Resistance

But the occupation can produce resistance from medical professionals as well. One avenue for this resistance, discussed extensively in the book, is civilian professional associations. *Oath Betrayed* not only documents this opposition, but has contributed to it: its publication helped spark psychologists to begin a campaign for a stronger professional stance against participation in interrogation at the American Psychological Association conference last August. Miles points out that professional associations are lobbying organizations, at times reluctant to alienate their allies in the government. But medical professional groups can also be important sites of political opposition (as in, for example, the recent refusal of many doctors to participate in executions in domestic U.S. prisons).

But there is another avenue for medical resistance to torture and brutality, and that is the soldiers' resistance, particularly to the war in Iraq. Miles briefly mentions clinicians who mounted complaints about the treatment of prisoners, or struggled to find ways to treat Iraqis outside the approved standards of procedure. More generally, the medical arms of the military are not cut off from the general features of occupation that are compelling soldiers to resist.

Indeed, military medics may resist in greater numbers. I have not seen any attempt to analyze whether some groups of soldiers are more likely to resist than others. But after reading *Oath Betrayed*, I began to notice how many of the public resisters of the Iraq war were medics in Iraq, or were trained as medics back at home.

Augustin Aguayo was recently sentenced to eight months in military prison for refusing to return to Iraq. He had served as a medic there, never loading his weapon because he did not support the war. Kelly Dougherty, the executive director of Iraq Veterans Against the War (IVAW), signed up to be a medic, but was involuntarily made a military police officer in Iraq. Jose Vasquez, the president of the New York City chapter of IVAW, was similarly trained as a medic, although he never served in Iraq. Chanan Suarez-Díaz, president of Seattle's IVAW chapter, went to Iraq despite opposing the war, partly because he believed that as a medic, he could still help people there. Seeing that he was wrong (and witnessing the lack of the most basic health measures available to Iraqis under occupation), he helped to lead his platoon in refusing an order they disagreed with. Conversely, another IVAW member, in Wisconsin, told me that as a military pharmacist in Iraq, he had treated Iraqis as well as U.S. soldiers—and that for him, this had helped to humanize the

people being occupied. A perusal of the IVAW Web site reveals more medic resisters. Beyond their expectations of doing good and their interactions with Iraqis, medics might turn against torture by seeing what it does to its perpetrators; as Miles notes, "Abu Ghraib medics were providing Prozac and starting Alcoholics Anonymous groups for soldiers in the abusive units" (18).

Certainly, this is anecdotal. No doubt medics, like all other groups of soldiers, have varying political views and experiences of war. But it suggests that the same feeling that drove Miles to write his book—being struck by the contradiction of people trained to heal doing its precise opposite—may be felt by those people themselves, and may drive some of them to resist.

(continued from page 33)

and the impact on people's everyday lives. The organisations were: People's Union for Civil Liberties (PUCL) Chhattisgarh, People's Union For Civil Liberties (PUCL) Jharkhand, People's Union for Democratic Rights (PUDR) Delhi, Association for the Protection of Democratic Rights (APDR) West Bengal, and Indian Association of People's Lawyers (IAPL). On the basis of the fact-finding, three facts stood out strongly: First, it is clear that the Salwa Judum is not a spontaneous people's movement, but a state-organized anti-insurgency campaign. Second, it is misleading to describe the situation as simply one where ordinary villagers are caught between the Maoists and the military. The Maoists have widespread support and as long as people continued to live in the villages it was difficult for the government to isolate the Maoists, and the government has resorted to clearing villages on a large scale. Tens of thousands of people are now refugees in temporary roadside camps. Third, the entire operation, instead of being a 'peace mission' as the name 'Salwa Judum' claims, has escalated violence on all sides. But only violence attributed to Maoists is publicised, and the Salwa Judum and paramilitary operate with complete impunity.

The People's Union for Civil Liberties - Chhattisgarh has demanded enquiry by the Central Bureau of Investigation (CBI) in all extra-judicial killings in Chhattisgarh since 2005. Fake encounters in the past two years have claimed the lives of at a minimum 155 people. In a single fake encounter case at Santoshpur in Bijapur on 31st March, 2007, the State Police killed not less than 12 innocent citizens.

The pattern that has developed has many of the indicia of fascism: a state organised private militia murdering opponents; apparent complicity in a reign of terror by both state and union security forces; what appears to be impunity granted by the judiciary; the active complicity of large capital; and now the brazen arrest of a nationally known and respected advocate of peace and civil liberties who dared to expose and to protest, Dr. Binayak Sen. As civil war engulfs Chhattisgarh, well intentioned and left-wing elders will urge young militants to give yet another chance to legal and electoral paths. The question such elders will have to answer is "what did you do when Dr. Binayak Sen was arrested?"

Commentary from

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In January 2007 the Development, Concepts and Doctrine Centre of the UK Ministry of Defence published a ninety-page report, entitled *Global Strategic Trends, 2007-2036*, highlighting a wide array of potential dangers to the prevailing order over the next thirty years. The report is organized around three "Ring Road Issues": (1) climate change, (2) globalization, and (3) global inequality (p. xiii). Global warming and the possibility of abrupt climate change, together with the end of "the golden age of cheap energy," are seen as placing increasing strains on populations throughout the planet (p. 31). The globalization of the world economy, embodying "particularly ruthless laws of supply and demand," is viewed as creating new interdependencies, contradictions, and conflicts. Expanding global inequality, the UK Ministry of Defence insists, could lead to "a resurgence of not only anti-capitalist ideologies...but also to populism and the revival of Marxism" (p. 3).

Like most contemporary military assessments, issues such as terrorism, rogue states, and the proliferation of weapons of mass destruction are addressed. But the main emphases of the report are structural contradictions of the world economy, unsustainable development, and the social insurgencies that these may give rise to. One grave concern is the possibility of the reemergence of great power rivalry as a result of: (1) the economic development of China (along with India, Iran, Russia, Brazil, and other states), (2) the continuing decline of U.S. hegemony, and (3) the "decoupling" of the United States from Europe and the "stagnation" of the latter (pp. 49-51). Related to this is the destabilizing influence of a turn to unilateralism by a major

(unspecified) state if it sees itself as blocked in its control of key strategic resources (p. 71). Another concern is the possibility of a social explosion in China due to the extraordinary class polarization emerging in that country. Global economic crisis, most likely induced by a financial meltdown, is portrayed as a persistent danger. Third world insurgencies of all kinds, led by populist and Marxist movements, are viewed as threatening the stability of the global status quo.

The most threatening "strategic shocks" of a social character depicted by the report are possible revolts by the "middle class proletariat" and youth. Utilizing the dominant class vocabulary, which treats as "middle class" all those who are not wealthy and yet who are gainfully employed and thus not part of the destitute underclass (thereby including under the rubric of "middle class" the greater portion of the working-class majority), the Ministry of Defence report warns:

> The middle classes could become a revolutionary class, taking the role envisaged for the proletariat by Marx. The globalization of labour markets and reducing levels of national welfare provision and employment could reduce peoples' attachment to particular states. The growing gap between themselves and a small number of highly visible super-rich individuals might fuel disillusion with meritocracy, while the growing urban under-classes are likely to pose an increasing threat to social order and stability, as the burden of acquired debt and the failure of pension provision begins to bite. Faced by these twin challenges, the world's middle-classes might unite, using access to knowledge, resources and skills to shape transnational processes in their own interest. (p. 80)

Further, we are told that "youth populations in Western societies could become increasingly dissatisfied with their economically burdensome 'baby-boomer' elders....Resentful at a generation whose values appear to be out of step with tightening resource constraints," the young might be propelled toward a "civic renaissance" emphasizing "social obligations" (p. 79).

It will therefore be necessary, the report indicates, to guard not only against enemies from without, including third world insurgencies, but also against enemies within: the middle (and working) classes, populists, Marxists, and environmentally concerned youth—all of whom could rise up in the next three decades in response to the contradictions of the system and demand revolutionary change and a civic renaissance. Ultimately, there is only one enemy according to the UK Ministry Defence: the mass of the population both at home and abroad.

Two defining contemporary literary figures with long associations

with *Monthly Review* died in April: Kurt Vonnegut, on the 11th, aged eighty-four and Hans Koning (born Koningsberger) on the 13th, at eighty-five.

Vonnegut was an enthusiastic reader and subscriber to *MR* and a lifelong committed socialist who is best known for his 1969 novel *Slaughterhouse-Five*, a meditation on his experience of the horrific 1945 firebombing of Dresden where he was a prisoner of war. His politics more explicitly informed the utopian science fiction of *Cat's Cradle*, his 1963 novel which satirized technology, religion, and imperial ambition. Vonnegut wrote fourteen novels in all, every one of them challenging the existing society. Vonnegut arrived at the 1999 celebration of *MR*'s fiftieth anniversary without a ticket. But room was found for him and he joined hundreds of others who celebrated the magazine's history and editors.

When asked for a comment for the jacket of Hans Koning's *Columbus: His Enterprise* (1976) Vonnegut wrote "I think your book on Christopher Columbus is important. I'm more grateful for that book than any other book I have read in the last couple of years."

During the Second World War, Koning escaped from Nazi-occupied Holland and became one of the youngest sergeants in the British Army. He went on to work for Indonesian radio following independence, finally settling in the United States where the first of fourteen novels was published in 1959; four of his novels were to be made into films. Koning was a frequent contributor to *The Atlantic Monthly* and the *New Yorker*, for whom he reported from revolutionary Cuba and China. He was also one of the first postwar western novelists to report from the latter country, publishing *Love and Hate in China* in 1966. When MR Press republished Koning's *Columbus* book in 1992, the quincentennial of the European incursion, it sold over 30,000 copies and is still recommended reading in many high school and college courses in the United States. It was followed in 1993 by *The Conquest of America: How the Indian Nations Lost Their Continent*. Both books offered fundamental revisions of dominant historical mythology for popular audiences.

MR Press also published the paperback edition of Koning's politically inflected memoir *The Almost World* in 1974. That book defined his socialist and anti-imperialist outlook and was informed by his own experience as a wartime resistance fighter, an anti-Vietnam War activist, and his deep engagement with the civil rights movement, during which for a time he served as bodyguard for Kwame Ture (then called Stoakley Carmichael).

A tribute to Koning by Elizabeth (Betita) Martinez is included in this issue.

The Nepali Revolution and International Relations

JOHN MAGE

A revolutionary civil war in Nepal ceased *de facto* with the popular triumph over King Gyanendra in April 2006, and *de jure* with the peace agreement reached in November 2006. The Royal Nepal Army ("RNA") now calls itself the Nepal Army, and the peace agreement requires its democratization under the authority of the new government that includes the Communist Party of Nepal (Maoist). As of the date of writing this has not yet occurred and the Nepal Army is still commanded by those, primarily of the quite literally feudal elite, who — with U. S. "advisers" — had pursued the civil war with lawless brutality and impunity. Yet it is important not to underestimate the extent of the revolutionary changes in Nepal. Today both Nepal Army and the revolutionary armed forces (the People's Liberation Army or "PLA") are given in substance equal status under a peace agreement negotiated by the Nepalis themselves, and administered with the assistance of the United Nations.

In the period following the June 1, 2001 massacre of the Nepali Royal Family, the People's War begun on February 13, 1996 by the underground CPN(M) moved from a regional insurgency in which local guerrilla forces battled police units but did not fight the RNA to a full-fledged revolutionary civil war. After the murder of King Birendra and his immediate family, the RNA was deployed against a mass-based revolutionary force that emerged nationwide, in control of substantial territory, and with a formally organized army, the PLA. The question was thus posed whether the contenders would be treated in practice as equals in the international arena.

After "9/11" the United States intervened militarily in Nepal and sought to brand the revolutionaries as "terrorists" — denying them not only legitimacy but (in the U.S. view) placing them outside the scope of universally recognized international law relating to armed conflict. The years since 2004 have seen the gradual acceptance by Nepal's neighbors

This article by John Mage appeared in the May 19th 2007 issue of *EPW* of Mumbai, India and MRZine. John Mage of *Monthly Review* and Bernard D'Mello deputy editor of *Economic and Political Weekly* ("EPW") of Mumbai, India, visited Nepal in February, and trekked into Rolpa, the original base area of the revolutionary "people's war." Another article,"The Beginnings of a New Democratic Nepal", appeared simultaneously on MRZine and in the March 17th issue of EPW (http://www.epw.org.in/epw/uploads/articles/10370.pdf).

of the legitimacy of the revolutionaries; the process corresponds to their gradual abandonment of the "terrorist" terminology. Maoists now participate in the government of Nepal and the United States alone in the world continues to call the CPN(M) "terrorists.". Though manifest dangers remain, these developments constitute a vigorous reassertion of Nepal's independence in the face of foreign intervention in its affairs.

Entrance of the United States into Nepali Affairs: The Tibetan "Khampa" Guerrillas

Prithvi Narayan Shah (1723-1775), founder of the Nepali state unified under his rule in 1769, famously compared to a "yam" balanced "between two boulders." Nepal's history has justified this view: when China is weak Nepal has come under such overwhelming influence from India as to put its independence in question. During the century from 1842 to 1945, when Chinese unity and power collapsed, Nepal's international relations fell wholly under Indo-British control. The only foreign representative permitted in Kathmandu was the British resident. After independence the new Indian regime attempted with mixed success to assert the pre-existing Indo-British domination over Nepal. India imposed an unequal treaty upon Nepal in 1950, and for more than six years in the 1950s there was an Indian "military mission" ensconced in Kathmandu. But as the strength of revolutionary China grew, the room for Nepali initiative increased. By 1955 diplomatic relations were resumed with China, and thereafter Nepal joined the United Nations, and diplomatic missions were exchanged with the United States and the USSR.

In 1959 China reasserted its control in Nepal's neighbor Tibet, and the Dalai Lama fled from Tibet to a CIA-subsidized base of operations in India. In December 1960 Nepal's King Mahendra (1955-1972) staged a coup, dismissed the parliamentary government headed by Nepal Congress leader B.P. Koirala, and subsequently instituted a "partyless Panchayat" regime dominated by the Palace. India supported the deposed Nepal Congress leaders, and protested strongly when Mahendra proposed to China the construction of a motorable road linking Kathmandu and Tibet. In the fall of 1962 New Delhi imposed a blockade on landlocked Nepal. But very shortly thereafter the Border War with China broke out, and India — desperate at the swift Chinese success and unwilling to confront Nepal as well — terminated the blockade. The conflict with China brought India to seek assistance from the United States, then "Red" China's foremost enemy.

The United States is far from Nepal, has insignificant trade relations with Nepal, fewer of its citizens visit Nepal as tourists than from various smaller European nations, and yet in its assertion of global power has become the main source of foreign intervention in Nepali affairs. The

first U.S. diplomatic contact with Nepal — a mission headed by Joseph Satterthwaite, Deputy Director of the State Department's Office of Near Eastern and African Affairs — occurred only in 1947, simultaneously with the end of British rule in India. Satterthwaite later characterized his mission as amounting to "the eventual end of the exclusive control of Nepal by the British." Although a second mission headed by senior State Department official Chester Bowles arrived during the Korean War in 1951 with the first "aid" program, no permanent legation was established until the Tibetan events of 1959.

Following defeat in the Border War, India dared not permit guerrilla operations against China from its territory. Nepal, impoverished and with a small and poorly equipped army, was unable to prevent the establishment on its territory of CIA-trained and -financed Tibetan anti-Chinese guerrillas. From the early 1960s until 1973 the U.S. and their CIA "Khampa" Tibetan contras occupied two districts in Nepal that bordered Tibet: Walanchung-gola in the east of Nepal and Mustang in the west. Only after the 1972 Nixon visit to Beijing, and the consequent U.S. abandonment of support for various anti-Chinese military operations, did the newly crowned King Birendra and the RNA dare to move against the Khampa contra camps. The arms and munitions recovered were all of U.S. manufacture.

The Foreign Policy of King Birendra (1972-2001) and the Start of People's War

Once the U.S./Khampa contras were suppressed, King Birendra quickly established a close personal relationship with China. His father had made one state visit to China, in 1961. Birendra visited as crown prince in 1966 and, as King, made visits in 1973, 1976 (including a visit to Tibet), 1978, 1979, 1982 (again visiting Tibet), 1987, 1993, 1996, and finally in 2001, three months before his murder. His relations with India were, in contrast, tense in the extreme. In 1989 Birendra's government had arranged a deal, over Indian protest, under which the RNA was to purchase Chinese arms. When the Tiananmen incident paralyzed China, India again imposed an embargo on Nepal and offered support for an insurrection. As tensions mounted and supplies of petroleum products grew scarce, the Indian Foreign Secretary arrived in Kathmandu with an offer to support the monarchy against the agitating political parties in return for adherence to a humiliating draft "friendship" treaty. Instead Birendra yielded his paramount power, and compromised with the growing democratic mass movement headed by a coalition of the Nepal Congress and various Communist parties, for the moment united in pursuit of a democratic regime.

Under the ensuing 1991 constitution, the King retained personal command over the RNA and a primary role in foreign affairs, but internal

administration was turned over to a government of the political parties responsible to an elected parliament. The "parliamentary" governments of the post-1991 period quickly discredited themselves by crude lust for the profits of office. And the police continued to crush opposition with an enthusiasm comparable to that of the prior "partyless Panchayat" regime. The revolutionary Communists gathered in the underground CPN (Unity Centre) were represented in the parliament by nine members of the United Peoples Front, and in the impoverished districts of Rapti zone in mid-western Nepal the Front had won district and village elections. Elected leaders such as Jhakku Prasad Subedi, chairman of the Rolpa District Development Committee, were targeted for assassination by goons of the royalist and Nepal Congress parties. Protest meetings were attacked by the police, and speakers shot. An increasing number of party activists fled their homes, and the occasional act of retaliation against police attacks occurred.

In November of 1995 the government, a coalition of Congress and royalists, launched a police invasion of Rolpa code-named "Operation Romeo." Atrocities committed by police in "Operation Romeo" brought the villages of Rolpa to a fever pitch. On February 13, 1996, the Communist Party of Nepal (Maoist), formed from components of CPN (Unity Centre) in 1995, launched People's War with attacks on the most notorious of the police outposts. In the next years guerrilla actions eliminated police outposts across Rolpa and Rukum districts, and in several other districts in other zones of the country as well. In late September 2000 hundreds of armed fighters moved out from the Rukum base area on a single file mountain track over a 13,000-foot pass to attack the police post in Dunai, the district centre of Dolpa. Local inhabitants did not warn the police, and the attack ended in victory for the revolutionaries. The post was captured with all its weapons, and political prisoners were liberated from the district prison across the river.

The Murder of King Birendra and the Royal Family

Birendra did not deploy the RNA. At Dunai there was an army post just a few hours' walk upstream that did not come to the help of the police. As attacks eliminated some of the last of the police posts in Rukum and adjoining districts, Birendra was besieged with demands that the RNA be thrown into the fight against the revolutionary youth in the hills. Yet Birendra refused, visited China, and was reported to have established secret contacts with the revolutionaries. On June 1, 2001, he was murdered along with all his immediate family. Nothing can be said with certainty about this crime, except that most Nepalis think the official story — that Crown Prince Dipendra, high on alcohol and drugs and angry because he was not permitted to marry the woman he loved,

slaughtered his entire family — is false. The surgeon who operated on Dipendra in an unsuccessful effort to save his life stated unequivocally at the time that his bloods showed no trace of alcohol or drugs. And a surviving palace servant has recently come forward to say that she saw Dipendra shot through the head and prone, *while the shootings continued.*

The Chinese reaction of deep concern was immediate. Madan Regmi, chairman of Nepal's "China Study Centre," and at that time a confidant of Chinese officials, immediately visited China and gave an interview on his return to Nepal in July 2001. Though denying that his sources were official, Madan Regmi repeated the charge that the murdered royal family were victims of a plot caused by Birendra's close relations to China. He also quoted "reliable" (but unofficial) sources as saying that China in the immediate aftermath of the murders had "subtly" warned India against any military intervention.

Shortly after the accession of King Gyanendra — who had been out of Kathmandu on June 1, 2001 — the revolutionaries captured a major police post at Holleri in central Rolpa, taking 71 prisoners. Gyanendra, acting through Prime Minister Girija Koirala, ordered the RNA into action for the first time. But the local commanders of the RNA and the revolutionary forces were able to arrange a peaceful resolution, and Girija Koirala resigned. He was succeeded as Prime Minister by Sher Bahadur Deuba, also a leader of the Nepal Congress, and known to be close to the U.S. embassy. A cease-fire was arranged, and the revolutionaries in September 2001 organized massive rallies, and took steps to formalize their rule, holding the First National Convention of the People's Liberation Army (PLA) and a National Convention of the United Revolutionary People's Council, a coordinating centre for an emerging alternate government in the areas cleared of police presence.

Gyanendra's new Deuba-led government took advantage of the cease-fire openly to begin preparations for bringing the RNA into action. Attacks on known and suspected Maoists began; local leaders were assassinated. The PLA responded on November 23, 2001, with a successful attack on Ghorahi, the district headquarters of Dang district, capturing a primary arsenal of the RNA. Two other district headquarters in other parts of the country were also successfully attacked. A State of Emergency was declared on November 26, 2001, and the full-scale deployment of the RNA ordered. These events marked the emergence of a qualitatively higher stage ("strategic equilibrium" in the Maoist lexicon) of the revolutionary conflict, in which two armies and two regimes faced each other in a nationwide civil war.

In the ensuing winter and spring of 2002 the Gyanendra regime was able to mobilize external support from *all* international forces. Then BJP Indian Foreign Minister Jaswant Singh, on a visit to Nepal, was the first

to term the Maoists "terrorist," a lead that the Nepal Congress government soon followed. Thereafter, India provided substantial military assistance. The Palace also took immediate steps to conciliate China, culminating in Gyanendra's state visit in July of 2002. The Chinese Ambassador to Nepal, Wu Congwong, had on May 11, 2002 already called the revolutionaries "terrorists" and said that China's policy was to describe the revolutionaries as "anti-government outfits" and avoid the use of the term "Maoist." The Ambassador then traveled to the revolutionary Gorkha district with his military attaché, said that the RNA was "doing a good job" and that China would provide "necessary assistance." In the aftermath of "9/11" China was eager not to antagonize an aggressive emboldened U.S. regime that now intervened in Nepal with military supplies and personnel.

The Rocca Period (2001-2004)

A new U.S. policy of active military intervention in Nepal commenced with the April 2001 nomination of Christina Rocca as the Assistant Secretary of State for South Asia. According to authoritative sources, Mrs. Rocca, a career officer of the CIA from 1982 to 1997, was closely involved in the CIA operations against the Soviets in Afghanistan in the 1980s. She then supervised the buy-back by the CIA of the unused Stinger missiles they had themselves introduced. Rocca later served as legislative assistant to right-wing Senator Brownback of Kansas, known for his zealous advocacy of Tibetan independence and of a hard line towards China. With this outlook, the Rocca period (2001-4) was to see the close co-ordination of U.S. intervention in Nepal with the then BJP Indian government.

In June 2001, days after Birendra was assassinated, a U.S. "Office of Defense Cooperation" with Nepal was established in the Kathmandu embassy. Shortly following the resignation of Girija Koirala in late July 2001, Christina Rocca herself arrived in Nepal for meetings with "security" officials. Deuba had been prime minister only for days before his meeting with Rocca.

On January 18, 2002, less than two months after the resumption of warfare and the imposition of the State of Emergency, then U.S. Secretary of State General Colin Powell arrived in Nepal. He was accompanied, among others, by Christina Rocca, and by Vice Admiral Walter Doran, Assistant to the Chairman of the Joint Chiefs of Staff. Powell met with Gyanendra, Deuba, and then Chief of the Army Staff General Prajwolla Shumshere Rana. Shortly afterwards the Bush administration announced it was seeking an initial special appropriation of $20 million for the Nepalese security forces, and a team of U.S. military advisers from the U.S. Pacific Commandarrived in Nepal, including a Colonel of the U.S. Marine Corps, the chief of the Logistic Plans Division and the Deputy

Chief of Engineering. This group was followed by mobile teams that worked with RNA ground units on matters of military tactics. Programs that had for years brought RNA officers to U.S. military schools were greatly expanded. RNA officers were sent to the U.S. Army War College, the U.S. Army and General Staff Colleges, the National Defense University and the Asia Pacific Center for Strategic Studies. An immense U.S.-aided expansion of the Security Forces (RNA and the paramilitary Armed Police Force) began. By 2005 the pre-2001 force of approximately 35,000 had increased to above 100,000, with a proclaimed goal of 150,000 by 2008.

Gyanendra's Deuba-led government, flush with U.S. patronage, dismissed the elected parliament in the spring of 2002 when a parliamentary majority emerged in favor of ending the State of Emergency. But the policy of internal militarization with U.S. support did not yield the intended results; instead, the revolutionary movement spread rapidly to districts previously unaffected. The Palace now changed course, dismissed the U.S.-backed Deuba in October 2002, and installed royalist Lokendra Bahadur Chand as Prime Minister charged with seeking a truce and negotiations. An angry Christina Rocca arrived in December 2002 and immediately acted to abort the peace talks. In a public statement she termed the revolutionaries "terrorists" and compared them to Pol Pot. And as soon as she departed, the U.S. embassy in Kathmandu initiated the process of placing the revolutionaries on U.S. "terrorist" lists. Nonetheless a cease-fire was achieved on January 29, 2003. The royal government made the truce possible by agreeing to three conditions: to stop calling the Maoist led revolutionaries "terrorists"; to lift rewards offered for the arrest of the leaders; and to withdraw international police warrants for them.

From the first the United States opposed the truce and looked for ways to provoke a return to civil war. In January 2003, as the truce was being negotiated, a 49-member team of U.S. military "experts" arrived in Nepal to train with the RNA, and the first shipment of what was eventually to amount to more than 8,000 M-16 rifles arrived. On February 4th Christina Rocca was quoted by Reuters as looking on the newly announced truce skeptically: "maybe this is a reason for hope but the fact of the matter is it's a deteriorating situation," she said, "the situation in Nepal is really not looking very good." In May, as talks between Palace and Maoists got under way, the U.S. embassy announced that the Maoists were now formally designated "terrorists" and had been placed on two of the three U.S. "terrorist" lists. The RNA, with U.S. advisers at every elbow, then sabotaged the peace talks. The RNA command rejected the agreement reached by the government's peace negotiators that the RNA would not patrol further than 5 kilometers from their barracks. At the very moment that a critical round of peace negotiations

commenced, on August 17, 2003, an RNA unit in the village of Doramba in Ramechap district murdered in cold blood 18 unarmed Maoist activists. A subsequent investigation revealed that "the dead persons ... were all arrested in connection with a political meeting and while marching them with their hands tied at their back, they were lined up on the track and shot dead." The Doramba massacre by the U.S.-advised RNA terminated the truce. U.S. Deputy Secretary of State Richard Armitage then announced the finding that the Communist Party of Nepal (Maoist) "poses a significant risk of committing acts of terrorism that threaten ... the national security, foreign policy, or economy of the United States" and their formal designation on the highest category U.S. "terrorist" list.

The resumption of civil war in the fall of 2003 saw the highpoint of U.S. military involvement in Nepal. Elaborate permanent quarters for U.S. "advisers" were constructed adjacent to RNA headquarters in the centre of Kathmandu. Through its International Military Education and Training Program (IMET), the U.S. trained the security forces in "special operations." There ensued "a policy to allow mass disappearances accompanied by tacit approval at the highest levels of state to use mass torture, extra-judicial killings and other gross abuses." The government announced a plan for "Village Defence Volunteers," based on Latin American paramilitary "death squad" models. This proved too much for the European Union Heads of Mission in Nepal, who up to this time had followed the growing U.S. intervention without adverse public comment. They warned, with diplomatic understatement, that in other countries such plans "have often been responsible for grave violation of human rights."

Christina Rocca's December 2003 visit was marked by a U.S. bid for RNA troops to be sent to Iraq (a request politely deflected by the Nepal government), a session with Gyanendra, and by a meeting with RNA chief General Pyar Jung Thapa, who reported to her on plans for the "Village Defence Volunteers" paramilitary vigilantes, asked for more weapons, helicopters, surveillance equipment that would enable the army to find and kill the revolutionary leadership, and the continuation of counter-insurgency training. At the start of March 2004 high-ranking U.S. security officials again arrived in Nepal. The team, led by J. Cofer Black, Coordinator for the Office of Counter-terrorism of the U.S. State Department, flew to the Mid-Western Division Headquarters of the Royal Nepalese Army in Nepalgunj. In April another group of U.S. soldiers arrived in Nepal to conduct "joint training exercises" with RNA's recently established "Special Forces" units such as the "Ranger Battalion," commanded by officers trained in, and specially selected by, the United States.

The BJP regime's Ambassador in Kathmandu, Shyam Saran, professed

to see no change in India's Nepal policy in its acceptance of U.S. military intervention. Acquiescence vitiated the Indian interpretation of the unequal 1950 treaty as prohibiting Nepal from seeking military assistance from other states, but an emerging U.S.-Indian military co-operation took precedence. At the end of 2003 Saran was quoted as saying that India and the United States were "on the same wavelength."

Changes on the International Scene in the Spring of 2004

The April-May 2004 Indian elections unexpectedly turned out the BJP government and brought to power a Congress-led government that depended for its majority on the left parliamentary parties. The new government at first followed the existing policy of co-ordination with U.S. policy, and military assistance to the RNA continued. Ambassador Saran, personification of that policy, in June 2004 was promoted to Foreign Secretary, the top Foreign Service position in the Ministry of External Affairs.

A significant change in China's position was set out by its Ambassador Sun Heping in an address on May 28, 2004. Implicitly repudiating previous Ambassador Wu Congwong's assertion of two years before that the Maoist revolutionaries were "terrorists," he explained that calling them "anti-government forces" is *not* the same thing as the "terrorist" tag used by India and the United States. He emphasized that hostile activities by Tibetan separatists was China's major concern in Nepal.

This turn coincided with a major change in U.S. diplomatic personnel. The U.S. Ambassador to Nepal, Michael Malinowski, had played but a minor role. Policy was being made in Washington, and Christina Rocca was not hesitant to come to Kathmandu. In the spring of 2004 Malinowski was suddenly removed prior to the scheduled end of his term, and replaced by a far more powerful figure, James F. Moriarty, Special Assistant to the President and Senior Director for Asian Affairs at the National Security Council and former Political Officer at the U.S. embassy in Beijing. Moriarty was well known for his advocacy of a policy of accomodation to China. U.S. support for its Tibetan clients was to be, as before, a bargaining counter.

Another career change occurred at this same moment. On May 14th, 2004, Rabinder Singh, the Joint Secretary handling South-East Asia in the abruptly went to Nepal, was issued a U.S. passport, and left for refuge under CIA protection in the United States. In RAW he had, reputedly, been responsible for Nepal. Thus an era, one that commenced with the murder of King Birendra, in which the CIA and Christina Rocca could manage the relations of *both* India and the United States with Nepal came to a close.

After the failure of the 2003 peace talks, Gyanendra again called U.S.

favorite Deuba to head a war government. The United States put intense pressure on the parliamentary Communist Party of Nepal (UML) to join the Deuba government, in the belief that only a coalition of the Palace and the primary political parties would have the strength successfully to pursue the civil war. In the summer of 2004 this policy appeared to have succeeded, and the CPN (UML) joined the government. But this resulted only in the exodus of many of the remaining UML cadre, who by this time wanted no part of King, civil war, or the United States. The parliamentary political party government proved unable to exercise any control over the U.S.-advised security forces, and the civil service fought bitterly against the reappearance of spoils-seeking politicians.

The Royal Coup of February 2005

Believing from RNA intelligence that the CPN (Maoist) was on the verge of an inevitable and devastating split, in February 2005 Gyanendra formed a government based on the armed forces with royalist ministers personally loyal to the King. The leaders of the political parties, including the erstwhile ministers now charged with corruption, were placed under arrest. The Palace thought it could then resume peace talks with one or the other of the factions into which it believed the CPN (Maoist) had split, while retaining for the RNA the military assistance of India and the United States. These calculations were mistaken. The CPN (Maoist) did not split, indeed the vigorous internal debate gave rise to unity on a higher level. Attempts to resume negotiations were spurned. And the government of India under intense pressure from the left parliamentary parties suspended military assistance to a Royal autocracy that had discarded the last shreds of parliamentary legitimacy.

Given the necessity of reliance on the command of the RNA to effect the coup, and given the close relations of the RNA command with the United States, Ambassador Moriarty's denial of prior knowledge can hardly be credited. Far more likely is that the Palace had been given reason to believe in U.S. assistance, which was only denied after it became clear that the Palace had garnered neither internal nor Indian support.

Gyanendra then turned for arms to China, which had refused to condemn the February 2005 coup, terming it an "internal affair." A major gesture to China had been the January 2005 closing of the Tibetan Welfare Office in Kathmandu days before the coup, a move inconceivable before the new U.S. policy represented by the arrival of Moriarty. And China responded favorably, much to the anger of Foreign Secretary Shyam Saran who henceforth reputedly saw matters from a different perspective. In June 2005, five armoured personnel carriers arrived in Nepal from China. In September 2005, China was reported to have agreed to provide

arms and ammunition worth approximately US$22 million. And in late November 18 trucks carrying military hardware from China were reported to have crossed the Nepal-Tibet border.

Meanwhile, the vigilante death squad plan was put into effect by the RNA . In February 2005 squads murdered several dozens of unarmed "pahadi" hill people and burned over 700 houses in Kapilvastu in the Terai, claiming the victims to be "Maoists." These semi-official communalist murders were immediately denounced by the European Union ambassadors and "Human Rights" groups. Moriarty, recalled to Washington for consultations, was reported to have pointed to these death squad activities as reasons for "optimism." Moriarty returned to Kathmandu in May 2005 and did not deny the report when confronted with it, merely stating that there was a "range of opinion" about the Kapilvastu death squad outrage. Moriarty said his main concern was that the RNA was running out of bullets. Not wishing openly to break ranks with India or the European Union on the question of military assistance to the increasingly isolated royal regime, the United States turned to its Israeli surrogate. In August a "huge cache" of 5.56 mm bullets for the U.S. M-16 rifles was reported to have been supplied to the RNA by Israel.

Christina Rocca soon followed Moriarty to Kathmandu on what was to be her farewell visit, along with a planeload of "non-lethal" military assitance. Rocca set out U.S. policy: pressure was to be put on the Palace to end the standoff with the parliamentary political parties, and to step up the civil war. Despite Tibetan anger there were no hard words for China, and tacitly a new co-operation emerged in arming the RNA: "non-lethally" by the U.S. and its U.K. satellite, and lethally by Israel and China.

The gradual divergence in Indian and U.S. policy that had commenced with the flight of Rabinder Singh and the arrival of Moriarty now broke into the open. The leaders of the parliamentary parties, except for Deuba who remained charged with personal corruption, were freed from detention in May 2005, and India now encouraged them to undertake an urban uprising against the Royal government. Indian intelligence correctly assessed that the Royal regime was now without any base outside the military. The leaders of the major parliamentary parties, long among India's most valued contacts in Nepal, could only hope to re-emerge as a dominant force by leading a uprising against the King in the cities, where the armed Maoist presence was slight and where the parliamentary parties still had cadre and active student organizations.

The popular response to the renewed agitation of the parliamentary parties was minimal, and leaders of the parties and their Indian interlocutors as well were driven to the realization that only by reaching agreement with the revolutionaries could an insurrectionary plan have any

hope of success. "Terrorist" disappeared from Indian officials' vocabulary; within the year the declaration was made that the Maoists "are not terrorists." By late July 2005 local activists of the parliamentary parties were openly co-operating with the Maoists in the countryside, and suddenly the protests in the cities began to attract large crowds.

Conclusion

In August the PLA defeated the RNA in a frontal assault on a fortified base at Pili, in Kalikot district. The September 2005 meeting of the central committee of the CPN (Maoist) at Chunwang in the liberated district of Rukum set out the terms for agreement with the parliamentary political parties, and announced a unilateral three-month truce. Negotiators — notably Bam Dev Gautam of the CPN (UML) and Comrade Prakash of the CPN (Unity Centre/Masal) — traveled to the liberated district to prepare the groundwork for a formal pact. But the two primary leaders of the parliamentary parties, Girija Koirala of the Congress party and Madhav Nepal of the UML, refused to go to Rolpa — in Nepal, but in liberated territory — for the final negotiations, insisting on a foreign, Indian, venue. The Indian government was forthcoming, and successful negotiations between the revolutionaries and the political parties on a joint insurrectionary course concluded in November 2005 (the "12 Point Agreement").

The United States openly sided with the Palace in denouncing the agreement, insisting that the Maoists were "illegitimate" and not proper parties to a settlement. But events now moved quickly, and in short order it was Gyanendra and Moriarty who were isolated. In April 2006 a coordinated urban insurrection carried out jointly by the political parties and the Maoists challenged the security forces, the last remaining stronghold of the Palace. At length the command was forced to tell the King that their troops were no longer willing to fire on the citizenry, and the Palace gave in.

In a final move aimed at splitting the insurrectionary coalition, the long-expired parliament — elected for a maximum five-year term in 1999, and in which the revolutionaries were not represented — was recalled by the Palace. A government of the parliamentary parties, headed by Girija Koirala, was installed and tasked itself with reaching a peace agreement with the revolutionaries and meeting their demand for elections to a Constituent Assembly. A peace agreement, providing for a partial disarmanent to be monitored by the United Nations, was reached in the fall of 2006. The agreement in substance gave equivalent status to the Nepal Army and the PLA, and was welcomed by the international community. Moriarty, after an initial outburst of petulance, kept his silence. By early 2007 the carefully realistic Chinese were meeting with the revolutionaries, and the designation "Maoists" appeared in China's

media.. Even the British, slipping the leash, in March 2007 issued a visa to Chandra Prakash Gajurel, the foreign affairs spokesperson for the Maoists. On April 1, 2007, the Maoists entered the government.

The formidable U.S. military intervention in Nepal has, for the time, been thwarted. The United States continues to term "terrorist" — and threaten criminal sanctions against — the CPN(M) and its supporters. This is, at minimum, confirmation that hostile U.S. intervention in the internal affairs of Nepal keeps on. Yet, although the Nepal Army remains more under U.S. than Nepali command and covert actions aimed at a resumption of civil war in Nepal are certain to continue to occur, the worst of the danger has passed. U.S. global power is on the decline, that of China on the increase. A renewed Indian military intervention also would face difficulties. As Prithvi Narayan Shah understood at the start of a dynasty that is today in its final days, the stronger China the less Nepal has to fear from India.

The popular triumph of April 2006 and the subsequent peace agreement were accomplished by the Nepalis themselves. Despite the ongoing manipulation of communalism by both domestic and foreign enemies, the revolutionary forces in Nepal now have a breathing space to move toward a new democracy free of the most dangerous forms of foreign military intervention. This is a substantial achievement.

[I wish to thank Trailokya Raj Aryal, Mary Des Chene and Prem Raman Uprety for helpful discussions and comments on earlier conceptions of this paper.]

Notes

1. The traditional international law question was whether the "belligerent" status of the group challenging the internationally recognized state would be acknowledged, bringing into play the then accepted international law relating to armed conflict. See, e.g. Convention (No. IV) Respecting the Laws and Customs of War on Land, with Annex of Regulations, Oct. 18, 1907, Annex art. 1, 36 Stat. 2277, T.S. No. 539 (Jan. 26, 1910). Today, in the current debased status of international law (consider the recent history of Iraq), two bad faith discourses co-exist. "Humanitarian intervention in internal armed conflicts" marks a discourse utilized to justify aggression against weak sovereign states by the United States and its satellites. "Terrorism" marks a discourse aimed at denying armed groups that challenge the United States and its satellites the provisions of established international law in regard to prisoners of war, torture, etc. Here I am concerned with the *factual* progression of the international acceptance of the full legitimacy of the Nepali revolutionaries, in effect the recognition of "belligerent status," which one hopes might presage a more general return to pre-existing international law.
2. Asian Legal Resource Centre (ALRC) January 2005 statement on 'Enforced disappearances and zero rule of law in Nepal' to the Commission on Human Rights of the United Nations Economic and Security Council. Available at http://www.alrc.net/pr/mainfile.php/2005pr/76/.

(continued from inside front cover)

(Maoist) that took place in jail and in the presence of a jailer. For those who argue that preservation of the safeguards of civil liberties justify the alliance of secular forces represented by the 'common minimum programme', the arrest should be a crucial test. The issue raised cannot be more serious: is the defense of civil liberties itself now to be made criminal? This outrage is no aberration that, if ignored, shall resolve itself. The Chhattisgarh context is a microcosm of today's India.

Tribal lands are the most sought after resources now. They are forested, rich with mineral resources (80 per cent of India's minerals and 70 per cent of forests are within tribal areas) and also the site of significant plans for industrial growth. The tribal districts of Chhattisgarh, Orissa, Jharkhand, Karnataka and Maharashtra are the destination of US $85 billion of promised investments, mostly in steel and iron plants, and mining projects. This investment will require huge amount of lands, crucial for the survival of tribal people. All these states have movements demanding the rights of tribal peoples to forest produce and against land acquisition. The state governments say these protests are Naxal-inspired. Local people say, however, that they are trying to protect their land, forests and livelihood. Indeed there is a strong Naxal presence in these states and in Chhattisgarh; its strength today is the *result* of the adivasi struggle to protect their rights, not its cause.

Within a few years of its inception in the year 2000, the state of Chhattisgarh entered into 53 memoranda of understanding with international and Indian companies. According to official report, 9620 hectares (23774 acres) of land is already under the process of acquisition. There is demand for more and more land and forest areas.

All the large cement producers have a significant presence in the state, including AV Birla Group (Grasim Industries, Ultratech Cemco), Gujarat Ambuja Cement, ACC and Lafarge. Metals and mining operations in the state include Essar Steel, Jindal Steel and Power Ltd, South Eastern Coalfields Ltd, and others. Plans for new or expanded steel and aluminium plants in Chhattisgarh that would require land acquisition have been announced by SAIL, Jindal Steel, Monnet Ispat Ltd, Visa Industries Ltd, Bhushan Ltd, Sanvijay Rolling & Engineering Ltd, BALCO, a part of the Vedanta Resources Group, Bajrang Power and Steel Industries Limited, SKS Steel Limited, Raipur Alloys & Steel Limited, and Ind Synergy Limited.

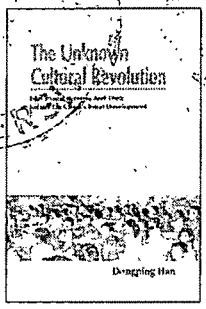
Subsidiaries of the giant global U.S. AES Corporation are setting up a coal-based power plant in Chhattisgarh and will undertake coal mining for captive consumption. AES has been condemned for environmentally abusive projects from Uganda (the planned destruction of the Bujagali Falls) to Panama (rainforest destruction). In Argentina AES claims that under international law a "sweetheart" deal it had with a prior (and now universally acknowledged to be corrupt) government cancels the nation's laws.

It has been reported that six companies seek the state's diamond

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Dongping Han comes from a rural background in China, and has published works challenging the view that the Cultural Revolution was an economic disaster. He teaches at Warren Wilson College, North Carolina, United States

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Editorial

Prior to the Friday, August 3rd, 2007, release of the agreed text of the U.S.-Indian nuclear agreement, the media build-up in favour of civilian nuclear technology 'transfer' and 'trade' between the U.S. and India was so systematic and thorough as to make the actual terms of the agreement seem an unnecessary afterthought; all sensible readers of the national press would have made up their minds already. On reviewing the text, the necessity for this tactic is clear. It is an unequal colonial treaty that openly subjects a potentially significant share of India's energy generating potential to future U.S. blackmail. And while giving a *carte blanche* for U.S. action that would suspend all its obligations under the treaty (even to seizing back the nuclear fuel already transferred), the agreement by its

(continued on inside back cover)

The Latin American Revolt

An Introduction

JOHN BELLAMY FOSTER

The revolt against U.S. hegemony in Latin America in the opening years of the twenty-first century constitutes nothing less than a new historical moment. Latin America, to quote Noam Chomsky, is "reasserting its independence" in an attempt to free itself from centuries of imperialist domination. The gravity of this threat to U.S. power is increasingly drawing the attention of Washington. Julia Sweig, Latin American program director at the Council on Foreign Relations, argues that the twenty-first century is likely to be known as the "Anti-American Century," marking a growing intolerance of the "waning" U.S. empire. Outweighing even the resistance to the U.S. war machine in Iraq in this respect, Sweig suggests, is the political realignment to the left in Latin America, which, in destabilizing U.S. rule in the Americas, offers a "prophetic microcosm" of what can be expected worldwide.[1]

The United States, through the 1823 Monroe Doctrine and the 1904 Roosevelt Corollary, Sweig asserts, long ago established its "right to preemptive military intervention in the Americas." But Latin Americans themselves rarely saw it that way. "What was for the United States the rightful and manifest extension of power in the name of national interest, values, markets, democracy, or nation building became for Mexicans, Cubans, Nicaraguans, Haitians, Hondurans, Costa Ricans, Dominicans...trespasses of sovereignty by a colossus." Since the Second World War, Latin Americans have been subjected again and again to U.S. interventions (replicating a long history of U.S. intrusions in the region): "Guatemala in 1954; Cuba in 1961; Dominican Republic in 1965; Chile from 1970 to 1989; the Southern Cone dictatorships in the 1970s and 1980s; the contras, counterinsurgency, and death squads in Central America; invasions in Grenada and Panama." U.S. Secretary of State Henry Kissinger flatly declared, with respect to Allende's Chile, that it was within the rights of the United States to "set the limits of diversity" in Latin America.[2]

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The most recent U.S. attempt to "set the limits of diversity" in Latin America by military means (apart from the continuing U.S. covert war in Colombia) was the coup d'état carried out against democratically elected President Hugo Chávez in Venezuela in 2002. Not only did the United States know about, help plan, provide logistical support for, and covertly give a green light to the coup, but it greeted it, once it had occurred, with open arms—offering immediate diplomatic recognition to the coup plotters. Nevertheless, the coup quickly fell apart, due to an immense popular upsurge in support of Chávez, and Washington's plans backfired, leading, as Sweig notes, to Chávez's rise "as a symbol of defiance of the United States, just as Fidel Castro was in the twentieth century."[3]

But if Chávez and the Bolivarian Revolution that he has helped inspire are today the primary symbols of the new Latin American revolt, the upsurge of Latin America's peoples is now to be seen everywhere in the southern part of the hemisphere. A brief list would have to include: the election of Evo Morales of the Movement Toward Socialism as president of Bolivia in 2005; the alliance of Venezuela, Cuba, and Bolivia in the Bolivarian Alternative for Latin America and the Caribbean (ALBA); the 2006 election of Rafael Correa, a proponent, together with Chávez, Morales, and Castro, of "socialism for the twenty-first century," as president of Ecuador; the election of Sandinista leader Daniel Ortega as president of Nicaragua in 2006; the dramatic electoral and social movement struggles in Mexico (where the populace in the millions rose up to protest the stolen 2006 election, and where momentous popular struggles are occurring in the regions of Oaxaca and Chiapas); the unrelenting peaceful insurgency of the Landless Workers' Movement in Brazil; Argentina's repudiation of external debt in defiance of the World Bank along with its widespread factory takeovers; the rejection of the U.S.-sponsored Free Trade Area of the Americas and the expansion of the Southern Cone's Common Market (MERCOSUR)—with Venezuela now a member; the continuing resistance of the Revolutionary Armed Forces of Columbia (FARC) in the face of the U.S. "Plan Colombia"; Cuba's successful handling of its "Special Period" and its transition to a post-Fidel government. Altogether these developments point to the strength, breadth, pervasiveness, and multi-faceted nature of the new Latin American revolt.

The fact that the United States has historically exercised in Latin America all "the supremacy of power which hegemony provides" has meant that the U.S. ruling class and its attendant foreign policy elites have frequently viewed the entire region as a "laboratory" of U.S. global

rule.[4] It was in the U.S.-sponsored dictatorships of the Southern Cone of South America (Brazil, Chile, Argentina, and Uruguay) that neoliberalism, i.e., the promotion of a new naked capitalism in response to world economic slowdown—requiring the elimination of all state protections for the population and all limits on the movement of capital—was first imposed. This process began even before the onset of the third world debt crisis in the early 1980s, and was identified above all with the alliance between the Pinochet dictatorship and the Chicago school of economics led by Milton Friedman. But according to Francisco Dominiguez, head of Latin American Studies at Middlesex University in the United Kingdom, "it was 'Third Way' administrations such as Concertación in Chile, the Peronist Menem in Argentina, the traditional parties, Blanco and Colorado in Uruguay, the MIR-Banzer alliance in Bolivia, ADECO and COPEI in Venezuela, Fernando Henrique Cardoso's Partido Social Democratico Brasileiro, in Brazil, and the most pro-U.S. factions within the Mexican PRI, just to cite the most prominent examples, which systematized, perfected and consolidated neoliberalism in these countries."[5]

The result was an unmitigated economic disaster, represented by the "lost decade" of economic growth of the 1980s. In 1980, 41 percent of the Latin American population was living in poverty. By 1990 this had jumped to 48 percent, while in 2002 it was still at 44 percent. Nearly half of Latin America's poor, around 97 million people, are presently struggling to live on an income of less than a dollar a day. Meanwhile the number of Latin American billionaires has more than quadrupled since the late 1980s.[6]

Today's Latin American independence movement is thus an attempt to overturn neoliberalism forced on Latin America by the United States and the other advanced capitalist states (enforced by the IMF and the World Bank). As Morales stated, "The cause of all these acts of bloodshed [against the exploited population], and for the uprising of the Bolivian people, has a name: neoliberalism."[7] The nature of this struggle necessitated a radical revolt against U.S. imperialism and capitalism, and against the internal relations of exploitation that have arisen in this context. Leadership in the revolt was therefore assumed mainly by anti-capitalist, anti-imperialist, indigenous, and socialist forces. Class and other social struggles continue in all of these countries, and there are considerable tensions between nations. Nevertheless, there are also rising signs of a new Latin American solidarity.

The foremost example of this is ALBA. Beginning primarily as an

alliance between Cuba and Venezuela, it now includes Bolivia, and has the support of Ecuador's Correa. ALBA has centered on the development of cooperative barter arrangements between Latin American states in order to free the region from the iron grip of global monopoly-finance capital centered in the North. The best known example has been the exchange of Venezuelan oil for twenty thousand Cuban doctors to help bring basic health care to at least seventeen million Venezuelans. But wider cooperative arrangements are now being pushed under the auspices of ALBA in areas as diverse as petrochemicals, literacy, media (ALBA's Telusur project), and even a proposed Bank of the South and Latin American currency.[8]

The growing turn to the left in Latin America has of course not gone unnoticed in the Colossus of the North, which has attempted on a number of occasions since the 2002 coup to engineer regime change in Venezuela (including backing an unsuccessful bosses' oil lockout and supporting opposition forces in a presidential recall referendum, which nonetheless led to a resounding victory for Chávez). In February 2006 U.S. Secretary of Defense Rumsfeld provocatively compared the reelection of Chávez in Venezuela to the election of Hitler as German Chancellor.[9] In June 2007 Secretary of State Rice accused Venezuela of backing away from democracy by refusing to renew the broadcasting license of Radio Caracas TV, a private broadcaster that had actively supported the 2002 military coup in Venezuela.

For Washington, the key problem is how to depose Chávez, end *chavismo*, and bring the Bolivarian Revolution to a halt—as the most crucial step in the resubjugation of Latin America. Its primary "diplomatic" strategy is to undermine support for Chávez both internally within Venezuela and externally in relation to other major Latin American states. Richard Haass, president of the Council on Foreign Relations and former director of policy planning in Bush's state department, emphasized in November 2006 that the object was to formulate a long-term strategy "to dilute Chávez's appeal and power." The main tool to achieve this was for the United States, in agreement with other Latin American states, to establish "red lines in foreign and domestic policies" such that, if Chávez crossed them, they would automatically trigger the isolation of the Bolivarian Republic.

Haass's remarks were presented in the foreword to a report of the Council of Foreign Relations' "Center for Political Action" entitled, *Living With Hugo*, authored by Richard Lapper, Latin American correspondent for the London *Financial Times*. According to this report,

a primary threat associated with the Bolivarian Revolution is its "anti-capitalist crusade." The chief tactical means for upsetting the Venezuelan state, opening it up to more forcible action from abroad, the report detailed, was to establish in advance "specific red lines," determined by the United States and "regional leaders, such as Brazil, Chile, Argentina, and Mexico." This would entail agreements "on how to respond in the event that such red lines are crossed." A joint "preventive-action" response could be constructed in advance to counter any steps Chávez might take that would "cause a crisis in Venezuela or the region." Red lines could be drawn, it was specified, around (1) any attempt to amend the Venezuelan constitution to extend Chávez's term of office; (2) Venezuelan support for destabilizing forces in other countries; or (3) a military relationship with Iran or some other enemy of the United States. Any contraventions of what the United States considers to be "democracy" could be red-lined, provided that the other major Latin American powers agreed.[10]

In the campaign around the expired broadcasting license of Radio Caracas TV we can see the Council on Foreign Relations plan already being put into action. Human Rights Watch has led the charge calling this a "serious setback for freedom of expression" (for super-rich media moguls!).[11] At the same time its Executive Director, Kenneth Roth, is sitting on the Council on Foreign Relations' Center for Preventive Action Advisory Committee (headed by Reagan's former chairman of the joint chief of staff General John W. Vessey) that has been planning the Bolivarian Republic's downfall. And all along the vast monetary resources and murderous skills of the CIA operate in the background. There are no crimes the U.S. ruling class will not commit to counter the "anti-capitalist crusade"—i.e. the liberation struggle of the peoples of Latin America, the original base of the U.S. empire.

The most important guarantee for the future of Latin America under these circumstances is the growing solidarity of its peoples—and the growing solidarity of all the world's peoples with Latin America—in order to prevent further U.S. interventions. Evoking the spirit of nineteenth-century Latin American revolution, Chávez declared before the United Nations:

> We fight for Venezuela, for Latin American integration and the world. We reaffirm our infinite faith in humankind. We are thirsty for peace and justice in order to survive as a species. Simón Bolívar, the founding father of our country and guide to our revolution swore to never allow his hands to be idle or his soul to

rest until he had broken the shackles which bound us to the empire. Now is the time to not allow our hands to be idle or our souls to rest until we save humanity.[12]

But while the hands of those who resist the shackles of empire must never be idle, those in the United States and throughout the world who believe in Latin America's struggle for free human development must insist that the hands of the empire itself be restrained. *Hands off Latin America!*

A Note on the Issue. We have devoted this issue of *Monthly Review* to the *Latin American Revolt.* But with Latin America's peoples everywhere in motion, we are conscious that this is far too big a topic for a single, special issue of the magazine. We do not claim comprehensiveness. Some crucial developments, such as those in Ecuador and Nicaragua, are barely mentioned. Others covered fairly extensively, such as developments in Mexico and Venezuela, need still more detailed treatment. We see this as an ongoing project of *MR.* Last February we devoted a special issue to Brazil. This fall we will be publishing still more articles devoted to this new historical moment in the history of the Americas and the world.

We would like to thank Michael Lebowitz for the help and advice he gave to us in putting together this issue.

Notes

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7. Evo Morales, "Speech at 'In Defense of Humanity' Forum, Mexico City, October 25, 2003," in Tariq Ali, *Pirates of the Caribbean: Axis of Hope* (New York: Verso, 2006), 221.
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9. "Rumsfeld Likens Venezuela's Chávez to Hitler," Associated Press, February 3, 2006.
10. Richard Lapper, *Living with Hugo: U.S. Policy Toward Hugo Chávez's Venezuela* (Center for Preventive Action, Council of Foreign Relations), November 2006, v, 3, 37; includes "Foreword" by Richard N. Haass. On Haass's own "Imperial America" strategy see John Bellamy Foster, *Naked Imperialism* (New York: Monthly Review Press, 2006), 97–106.
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12. Hugo Chávez, speech to the United Nations on September 16, 2005 in Ali, *Pirates of the Caribbean*, 232.

MONTHLY REVIEW — *Fifty Years Ago*

During the last week of May, 1957...a Taipei mob, estimated at twenty thousand or more, sacked the United States Embassy, pulled down the United States flag and tore it to shreds, and wrecked the premises of the United States Information Services.

The mob was brought under control after hours of rioting, when martial law was declared and the city of Taipei was taken over by three divisions of the Taiwan army.

What was the cause of this explosion of human passion? A member of the United States armed forces had shot and killed a Taiwan citizen who, he charges, was watching as his wife took a shower. A United States Army court acquitted the killer. The wife of the murdered man went to the United States Embassy to protest. A crowd gathered, stones were thrown at the windows, and the riot was on.

Newspapers which discussed the incident noted that members of the United States armed forces are now located in 72 countries. These men in United States uniforms are armed with everything from service revolvers to atom bombs. If they are careless and trigger-happy, or if they have too much to drink or have a quarrel with a "native," or if they think their women folk have been insulted, they draw and shoot. Fifty years ago a Westerner could beat up or kill an Asian or African without serious consequences to himself or his embassy. Today, as we learned during our recent journey through Asia, "The Embassy" means the United States Embassy—the Embassy of the Western Enemy, which is feared, hated, and at the first opportunity destroyed, because in Asia especially, it has become the symbol of Western invaders, occupiers, colonizers, and exploiters.

—Scott Nearing, "Restless Asia," *Monthly Review*, July–August 1957



LATIN AMERICA
Peters projection

ALBA

A New Dawn in Latin America

RICARDO ALARCÓN

The collapse of the Soviet Union and the political and economic system it headed brought about an excessive euphoria that caused many—both on the right and within a "left" subordinated to that failed project—to believe in the final and definitive triumph of capitalism. So much was said about the fall of the Berlin Wall that few realized that at the same time the Caracazo was taking place.

When the impoverished masses took to the streets of the Venezuelan capital (February 27, 1989) to protest against IMF draconian measures and were brutally massacred, the western media kept a despicable silence. However, it was the beginning of a process that no one can deny anymore: the bankruptcy of the neoliberal economic model and its political expression—the fictitious "representative democracy"—which Washington had imposed on the entire continent.

While others were talking about the "end of history," new protagonists emerged all over Latin America, who brought the social struggle to unheard-of levels. Governments in Argentina, Ecuador, and Bolivia tumbled like houses of cards or were defeated in successive elections such as those which brought coalitions led by the traditional left in Brazil and Uruguay to power.

Today true revolutionary processes are consolidating in Venezuela and Bolivia, where the state is recovering the main levers of the economy previously handed over to foreign monopolies, and where millions of indigenous and poor people are receiving, for the first time, free education and health care while participating actively in political life. Cuba is successfully weathering its direst economic crisis and advancing toward perfecting its socialist project. Sandinism is returning to power

Ricardo Alarcón has been president of the National Assembly of Cuba since 1993. He has held various diplomatic posts following the Cuban revolution including permanent representative of Cuba to the United Nations, vice-president of the General Assembly of the United Nations, president of the Council of Administration to the United Nations Development Program, and vice-president of the United Nations Committee on the Exercise of the Inalienable Rights of the Palestinian People. In 1978 he was appointed first vice-minister of the Ministry of Foreign Affairs and in 1992 was made minister.

in Nicaragua and recovering a path, disrupted by the "dirty war" waged by Washington. The Ecuadorian people are sweeping away the oligarchic parties and establishing a government that seeks deep changes. The Caribbean Community is strengthening and broadening its cooperation with Cuba and Venezuela. And the South American countries are carrying out great joint projects on their way toward full integration.

The Bolivarian Alternative for Latin America (ALBA) has deepened its roots and spread beyond its initial members. ALBA is a real alternative to neoliberalism with a strong social and human content. Millions of Latin American and Caribbean people have freed themselves from illiteracy and have recovered their sight and health. As Ecuadorian president Rafael Correa said, we are living a change of era.

Yet we are also living in dangerous times. The main threat comes from Washington. This historic turning point has to face a U.S. administration clinging to an irrational policy which purports to impose its hegemony by any means.

The recent release of Luis Posada Carriles, the most notorious terrorist of this hemisphere, who currently walks free on the streets of Miami, proves that Washington continues to encourage the worst procedures against our peoples. Posada has an extensive criminal record, registered in detail in U.S. official documents declassified in the last few years—a history of terrorist activity in which many people in Cuba, the Caribbean, Latin America, and the United States itself have been victims.

The most infamous was the mid-air bombing of a Cuban airliner and the death of its seventy-three occupants on October 6, 1976. Posada was being tried for that heinous crime when he escaped from a Venezuelan jail to join as a key figure in the Iran-Contra operation, and to continue a non-stop career of terrorism, which he himself has detailed in his autobiography—published in 1994, in a front-page interview with the *New York Times* in July 1998, and in several interviews in Miami newspapers and on television. Venezuela demands his extradition to continue his trial for these crimes.

The international counterterrorism conventions are very clear. Washington must extradite Posada, or if it does not do so "without any exception whatsoever" (Montreal Convention, article 7) it is obliged to try him for such crime in its own courts.

Two years have passed since Posada reappeared in U.S. territory. Bush has not extradited him, nor has he tried him. Neither Bush nor Alberto González has identified him as a terrorist. They refuse to do so while

they incarcerate and persecute thousands of undocumented immigrants and turn the torturing of detainees into a state doctrine.

Next September marks the tenth year of imprisonment of Gerardo Hernández, Ramón Labañino, Fernando González, Antonio Guerrero, and René González, five Cubans who went to Miami to penetrate the terrorist groups that operate there against Cuba with impunity. They sought to discover the terrorist plans and help to prevent them and save lives. The Five did not have arms, they did not cause damage to anybody, and they sacrificed heroically in an uneven fight against terrorism.

Throughout the process directed against them in a Miami court, Washington recognized very explicitly that its actions against the Five were aimed at protecting those criminal groups in the United States. This is recorded in the minutes of the court and in documents of the U.S. government that insisted up until the end on expressly guaranteeing that the Five would be "incapacitated" forever—so they could never again attempt to expose the criminals. Therefore, besides the excessive sentences—four life terms and seventy-five years in prison altogether—at the prosecution's request, there was added this unusual sentence: "the defendant is prohibited from associating with or visiting specific places where individuals or groups such as terrorists...are known to be or frequent."

The Five's case has been utterly silenced by the U.S. media. It is truly outrageous how those media and many American politicians refuse to denounce and condemn the Bush regime's cynical conduct, which massacres entire populations and sends thousands of young Americans to kill and die in the name of a false "war on terror," while providing protection to Posada, and other murderers, and cruelly and unjustly punishing five young men who are true fighters against terror.

Today Latin America advances with hope and confidence that sooner rather than later a new dawn will also arise to light the American people.

—May 22, 2007

But beyond all these images...another loomed larger: it was that of Che answering, at a press conference, the question of a fool who wanted to know whether he was Argentine, Cuban, "or what?" "I am a citizen of America, sir," he answered.

—Eduardo Galeano, "Che Guevara—The Bolivar of Our Times?," *Monthly Review*, March 1966.

Mexico after the Elections

The Crisis of Legitimacy & the Exhaustion of Predatory Neoliberalism

ALEJANDRO ÁLVAREZ BÉJAR

The Mexican general elections of July 2006 produced an official result that some felt was "very typical of advanced democracies." But this result defied Mexican political experience, resulting in a major legitimacy crisis. With over forty million voters turning out this time, the proclaimed winner of the presidency was Felipe Calderón, the right-wing National Action Party (PAN) candidate, who in the official count beat the center-left candidate of the Democratic Revolution Party (PRD), Andrés Manuel López Obrador, by 0.58 percent. Calderón took 35.89 percent of the vote while Obrador took 35.31 percent.

This outcome was as astounding as it was unbelievable. Just three months earlier, the polls gave López Obrador a big lead, at the same time that Calderón was being accused of making murky concessions to the Hildebrando Corporation (in which his brother-in-law and his own wife were senior partners) during his term as energy minister. Hildebrando Corporation also had a Federal Electoral Institute (IFE) contract to design the electronic computing system for counting votes in the 2006 election, and was charged with crossing its information with the Secretariat of Social Development (SEDESOL), which manages all antipoverty governmental programs. This is not proof of a stolen election, but it comes very near that when government officers and private companies to which they have close connections have access to privileged information at the time of elections.

López Obrador immediately rejected the official result as a fraud requiring a recount "vote by vote and booth by booth" until all doubts had been settled or the electoral process had been declared null and void. Remarkably, over a million and a half people turned out in answer to his call to march through downtown Mexico City in the first demonstration of post-electoral protest.

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All the seats in Mexico's National Congress, comprising the Chamber of Deputies and the Chamber of Senators, were also up for grabs in these elections. But here the official gap between the parties was not only just as close, but mysteriously there were more votes for legislators than president. The end result is that, between the PAN and the Institutional Revolutionary Party (PRI)—in power for seventy-one years, but now the third force in the two chambers—there is today a comfortable center-right working majority. These results have gone uncontested, and legislators rubberstamped their seats as fast as possible in an attempt to lend legitimacy to their positions.

This PAN-PRI working majority will be of strategic importance in the attempt to implement the second generation of neoliberal structural reforms demanded by the United States and international financial organizations: the privatization of social security (especially pensions), tax reform, the opening up of the energy sector to private capital, the deregulation of the labor market, and growing commoditization of education and health—reforms designed to crank up the dismantling of the welfare state.

In the PAN's hands, the Mexican presidency will also be able to pursue the security agenda instigated by the Bush administration for the whole of North America immediately after September 11, 2001, but publicly launched in Waco, Texas, in June 2005 with the name Security & Prosperity Partnership of North America (SPPNA). This mechanism is beyond legislative scrutiny and was designed to step up NAFTA-related activities via agreements between the presidents of the United States, Canada, and Mexico—all defined today as political conservatives.[1]

The Dual Political Crisis: Legitimacy & Credibility

The entire electoral process led to a grave political crisis. This has two sides to it: a crisis of legitimacy for the new president and a severe crisis of credibility for the country's electoral institutions. In a broader historical view, this political problem is the expression of an unresolved transition involving the dismantling of the previous welfare state and the subsequent crisis of the neoliberal predatory state.

But the scope of the political crisis must not be exaggerated, or the consequences of the right-wing triumph underestimated. Today the right has the financial backing of the major domestic and foreign monopolist groups. It also controls the presidency, most of Congress, the judiciary, the television stations, the top brass and sectors of the army, as well as the hierarchy and sectors of the Roman Catholic Church. As a result, we are also liable to experience fresh and more acute political and social

tensions in Mexico, not just in the context of elections.

The seriousness of the political crisis in the 2006 elections was due not just to the narrow margin of difference between the right and center-left candidates, but to the abundant evidence at every stage of the process that a manipulative state operation had been mounted—a complex anti-democratic strategy encompassing a combination of economic and political factors. These included diverting public resources to buy votes, staging media attacks, ballot tampering in many poorly supervised localities, and even the electronic manipulation of the election results. There were also ludicrous prohibitions, such as banning campaigning during the Christmas vacation or in cities in the United States, regardless of the fact that many expatriate Mexicans were still entitled to vote.

Chiefly and most blatantly, the maneuvering led by the outgoing entrepreneur president, Vicente Fox Quesada, was a disgrace. Fox diverted public resources to the PAN to be used in passing on confidential information belonging to the IFE to both the Hildebrando Corporation (awarded a contract by none other than the IFE itself to design the operational calculation and the electronic vote counting system to be used in 2006) and SEDESOL, which handles all special programs in the war against poverty.[2] For this and many other reasons, Fox has more than earned the nickname "traitor to democracy."

The coordination of official public statements on television by IFE president, Luis Carlos Ugalde, and President Vicente Fox was decisive in this complex fraud operation. They almost simultaneously announced Felipe Calderón on national television as the "winner of the presidency" by just over 250,000 votes—a duty not theirs by law.

This maneuvering had the immediate connivance of PRI presidential candidate Roberto Madrazo. By publicly admitting the failure of his candidacy, he added his voice to those recognizing Calderón as the winner. This is further evidence that there was a coordinated effort between the PAN and the PRI to impose the new president de facto.

In fact, political operators from the PRI were present throughout the process. This was especially true of the leader of the National Union of Education Workers (SNTE), Elba Esther Gordillo, who went to San Diego long before the elections to set up a sophisticated strategy using union members to control polling booth administrators. And there were also PAN operators, in particular the veteran anticommunist, Manuel Espino, who admitted to calling on PRI governors to "coordinate" actions.

The two parties were vetted by U.S. and Spanish experts. The U.S.

International Republican Institute is on record as providing consultancy to young PAN members using funds from the National Endowment for Democracy. And experts from Spain's People's Party (PP) set up mass media strategies to put fear into the middle classes, with former Spanish president, José María Aznar, even traveling to Mexico and publicly discrediting López Obrador.

But it was the disciplined, centralized force of the army under the command of Vicente Fox that was the decisive lever in putting Calderón into the president's office and paving the way for a dangerous militarization of life in Mexico.

Broad sectors of the population—including PAN and PRI voters—were left with grave doubts about the cleanliness of Felipe Calderón's "victory," as he neither accepted a recount nor offered any serious arguments for refusing. Nor did he join the spontaneous celebration of victory by his voters. He remained silent, waiting for the electoral institutions to confirm his "victory" while he began to function as the true and definite winner. It was clear that the legitimacy crisis was affecting not only him but the whole electoral system, so why not accept a recount?

Despite hundreds of thousands of people taking to the streets to protest against the fraud, we must face up to the fact that they did so under relatively weak political conditions—having been outmaneuvered in what was undoubtedly a corrupt political process against which there were insufficient preparations. The excessive optimism and lack of foresight shown by the teams of López Obrador and the PRD over legally documenting the electoral irregularities left the door wide open for power finally to be passed from Vicente Fox to Felipe Calderón under the mask of "constitutionality"—with the PAN-PRI majority, backed up by the armed forces (albeit through the backdoor of the Congress building).

In contrast, a National Democratic Convention in Mexico City's Zócalo and adjacent streets, attended by over a million people, had declared Andrés Manuel López Obrador the "legitimate president" just days before. He announced the appointment of a cabinet shortly afterwards.

Due to the monopolistic media's campaign of fear and lies, a climate of alarm and confrontation, and widespread exasperation, social polarization and civic tension reigned in Mexico before, during, and after the elections, and was expressed on the streets in various different ways. This culminated in collective frustration, as there was no confidence in

the result, and no clarity or flexibility from electoral organizations. So the crisis of legitimacy and the lack of credibility in electoral institutions were left politically unresolved.

Scrutiny of the Calderón administration's first hundred days reveals the spectacular deployment of the army in maneuvers against drug dealers in several Mexican states. The goal was clearly "legitimacy through the use of force" in response to a socially distressing issue—a continuation of the use of fear as a means of winning minds and votes. It also cast the military in a new role as arbiter and executor of a strategy of territorial control, of live war games to train the armed forces in rapid intervention operations up and down the country. This was accompanied by the military threat of employing force to take back control not only of territories held by autonomous rebel indigenous communities like the Zapatistas in Chiapas, but of all Mexico's indigenous territories, now in turmoil as elsewhere in Latin America.

The repeated presence of the army high command at any public event of any importance attended by Calderón is meant to legitimize its participation in areas where it had no business before. The militarization of Mexican life is a process that heralds, on the one hand, the determination to impose neoliberal policy by force if necessary. On the other, it seeks to criminalize social resistance in order to justify the use of extreme violence. As the power of the PAN-PRI state gathers momentum, the idea of forcibly suppressing dissident social forces is gaining ground.

Even more pronounced is the overwhelming deployment of a "working majority" by the combined forces of the PAN and the PRI. This majority is forcing through complicated legal reforms (only decided upon by small like-minded corporate groups), right at the start of a holiday period in order to break up the continued street protests. This is the case with the reform of the Law of the Institute of Social Security & Social Services for State Workers (ISSSTE) to privatize public sector workers' pensions.

For this very reason, on the strictly political level, there may soon be a groundswell of popular opinion demanding exercise of the right to revoke Calderón's mandate. This would not only lend continuity to the defense of the civic will frustrated by this act of fraud, but it would establish a way of neutralizing the spurious majority now formed in Congress by the PAN and the PRI.

Four Dangerous Trends: The Discrediting of the Mexican Electoral System, the Religious State, the Criminalization of Social Movements, and Authoritarianism

Many analysts feel that the crisis of credibility of electoral

institutions has triggered a crisis of governability and will aggravate it in the medium term. Neoliberals behave as if they were a single force with an absolute majority in Mexico, apparently convinced that nothing is less pressing than the need for the radical reform of electoral institutions.

But the truth of the matter is that serious doubts have been raised over the quality of the voter database, the authenticity of results, fairness of access to financial resources and to radio and television campaigning space, transparency in the administration, recount and classification of ballots, not to mention accountability and the shirking of responsibilities in the event of allegations over irregularities by electoral officers.

There is a crisis in the party system too, but this is hidden by the fact that all parties receive excessive amounts of public funding. Besides not being reliable, elections are astronomically expensive. Parties operate as franchises bought by corrupt economic and bureaucratic elites controlling electoral clienteles using corporate methods, and are increasingly removed from serving the civic interest.[3]

Other post-electoral outcomes include the polarization of the national debate on public health issues such as the decriminalization of abortion in the Federal District. This is exploited by the right not only as a defining moral issue, but as an opportunity to inflame an ideological debate in which the hierarchy of the Roman Catholic Church—an ally of Calderón's—adopts a high national profile in an attempt to reverse the long history of separation between state and church, precisely in order to influence the definition of public policy in education, culture, and health. However, such intervention is not looked on kindly even by believers. According to a recent survey, 80 percent of Catholics reject the idea of the church influencing public policy.

We are clearly faced with an agenda of the right designed to promote transnational action and mobilize its masses throughout Latin America. Even Pope Benedict XVI uncharacteristically made public his opposition to a specific Mexican law that seeks to decriminalize abortion in Mexico City.[4]

Extreme social tension surrounds issues like the privatization of pensions. A new social security law for state workers that affects the pensions of millions of workers in the education and health sectors—pillars of the welfare state—was approved by the PAN and the PRI with lightning speed on March 22, 2007. Of course, the "working majority" also had the blessing of PRI-controlled union bureaucracies, who will be temporary beneficiaries of the management of the pension funds before

handing them over to the financial power of the Retirement Funds Administrators (AFORES).

Meanwhile, the rank-and-file workers that have protested this action now number tens of thousands and many more are getting ready to take to the streets to fight this devious and dangerous legislation. As with pensions, the most combative unionists and López Obrador's most faithful followers mobilized "preemptively" in a complex war of movement to prevent the privatizing agenda of Mexico's energy companies from entering Congress out of the blue. Recently, tens of thousands of workers from the energy and other sectors took to the streets to restate their rejection of privatizations.

There has also been widespread disquiet over the price hikes in basic goods, especially after Calderón allowed a rise, in January 2007, of over 66 percent in the price of corn tortillas, the staple source of nutrition and calories for the poorest section of the Mexican population. This issue is by no means resolved, for the "pact" promoted by the government to cap the price of tortillas only lasts until August 2007 and benefits the major business chains.

Concern over unemployment is widespread throughout Mexico. In February 2007, the National Institute for Statistics, Geography & Data Processing (INEGI) reported that, at the close of 2006, Mexico had almost 43 million formal and informal workers. Out of this total 1.6 million were officially unemployed (one of the lowest figures in Latin America, explained by the "peculiar" means of measuring it), 3 million were underemployed, 12 million were informal workers, and another 5 million were officially no longer seeking work, feeling that they have no chance of finding any.[5] Half of the work force is unemployed, underemployed, or in informal activities.

Such a wretched performance in employment is not only due to neoliberal policies and the impact of NAFTA, but also reflects three trends, each more worrying than the other. These are migration, social breakdown as expressed in public insecurity (assaults, robberies, kidnappings, etc.), and the persistence of social street protests.

Mexican migration breaks all world records: nobody has exported more manpower than Mexico has in sending workers to the United States. In the Fox administration alone (2000–06), an average of 450,000 people a year are thought to have crossed the border. This means that almost 2.5 million workers left their families and country in search of higher incomes or simply in search of a job.

Remittances sent by migrants to their relatives back home are

growing by the year as a result of this, putting Mexico at the top of the world table for remittances, $16.6 billion in 2005.[6] (It is estimated the figure will have risen to just over $26 billion by 2007).

Despite this landscape of social devastation, and surprisingly amid the mass fear and anger exacerbated by neoliberalism, a peaceful civil resistance movement came through right across Mexico during the electoral process and the subsequent political crisis. It has on occasion spilled over into—peaceful—civil disobedience in several areas and in specific contexts. On two occasions this has been met by the state with extreme police and paramilitary violence on the pretext of "criminal behavior."

The first of these occasions were the events in San Salvador Atenco, just as the Other Campaign organized by the Zapatista Army of National Liberation (EZLN) was arriving in convoy in Mexico City from Chiapas on May 3 and 4, 2006. Briefly, the townspeople fell victim to government action against local flower dealers, which was calculated to provoke a popular protest that would warrant an "instructive" backlash. The private television companies took it upon themselves to broadcast this repression nationwide as a symbol of the treatment to be dished out to "radical" forces from then on. In this case, it was the Peoples' Front in Defense of the Land (FDPT).

The FDPT formed part of the peaceful dynamic of the Other Campaign. The FDPT was successfully constructed and mobilized thanks to firm popular resistance against the Fox administration when it launched a plan to build a new airport for Mexico City on San Salvador Atenco lands.

This time, as an act of revenge for this political defeat, the same administration visited repression upon the FDPT in San Salvador Atenco in May 2006: two people were killed, 207 imprisoned, thousands persecuted, and over two dozen women raped by agents of the Federal Preventive Police. Twenty-nine people are still in prison today. Participants in the movement and all those arrested—even the ones not taking part—were criminalized permanently as "radical," "violent," and "intransigent."

Government repression was also used on a second occasion when neither the federal government nor the Oaxaca state government were able to stop mass demonstrations by the Popular Assembly of the Peoples of Oaxaca (APPO), demanding the resignation of PRI governor, Ulises Ruiz.

Between October and November 2006, in the conflict-ridden climate

of post-electoral Mexico, the Federal Preventive Police attacked demonstrators of the APPO. At the heart of this mass-movement struggle was the democratic Section 22 of the Education Workers Union, accused by the governor of "politicizing" union demands by calling for, in addition to wage hikes, improvements in schools and financial support for food and footwear for their pupils (many attend classes barefoot, on an empty stomach).

This opened a sad chapter of serious human rights violations. More than twenty-three people have died since the conflict began. Another 141 have been jailed, sent to a prison in Nayarit State over 1,200 kilometers from Oaxaca City. Dozens of women have suffered sexual violence and there have been hundreds of arrests. These include elderly people, women, and children not taking part in the movement, but taken by police to instill fear into the population as a whole. This is the same pattern of repression and criminalization of the social activists employed in San Salvador Atenco.

But it is important here to highlight the originality, complexity, and significance of APPO's struggle. APPO is a popular organization that emerged from Mexico's most intensely transnationalized indigenous communities. It is yet another unprecedented step toward the subaltern classes' quest for self-representation and self-government. Not only has it thrown corporatist Mexican culture into crisis, but it also displays social experimentation through creative forms of resistance to predatory neoliberalism, which is being stepped up regionally via the implementation of the Puebla Panama Plan (PPP).

The PPP is a regional development program for the nine states of south-southeastern Mexico and Central America. It seeks to create a panoply of modern expressways and railroads in a multimodal interoceanic transport system, with telecommunications networks, and the modernization and creation of sea- and airports, right in the part of Mexico that contains the bulk of the oil, petrochemical, and hydraulic resources, and biodiversity. This region has the largest indigenous population (six out of almost ten million), the highest numbers of poor people, and the highest levels of marginality. It is necessary for the success of the PPP to dismantle not only the precarious welfare state, but the indigenous community's forms of organization and culture—especially the kind of culture that considers natural resources its own—for all such projects require drastic changes in the uses of land.

This explains why both federal and state governments under the Fox and Calderón administrations used outright brutality against the APPO

leaders and militants (as it did against sympathizers and members of the Other Campaign led by the Zapatistas of Chiapas). This has been duly documented by local, national, and international human rights organizations.[7]

Oaxaca's transnationalized indigenous communities are now undergoing a political assault on two fronts: the criminalization of their social movement in Mexico and the criminalization of migrants by the Bush administration in the United States.

Issues of national security are cited in both cases but this is a mere means for seeking to impose disorganization and social and political isolation on the poorest segment of workers. These workers have become essential, and will go on being so, in a transnational labor market between Mexico and the United States. This is grounded in complementary demographics and the dual economic impact of the destruction of the means of subsistence in Mexican and Central American agriculture, and the creation of jobs in U.S. agribusiness. These jobs are mainly in low productivity services and industrial activities considered dirty, dangerous, or unpleasant by U.S. workers. There is no doubt that Oaxaqueños and the APPO are paving the way for fresh transnational action by Mexican migrant workers in alliance with North and Central American, Asian, and European workers in the United States.

The Exhaustion of the Neoliberal Model of Accumulation in Mexico

We must now look, albeit briefly, at the structural economic background to Mexico's political crisis. This will help us to account for the exhaustion of the neoliberal model of accumulation in Mexico. This is expressed in five fundamental outcomes: economic stagnation, squandering of the surplus, inequality in income distribution, financial parasitism, and growing monopolization. These features contrast with national and international projections of it as a successful model for a market economy.

If we look at economic growth during the Fox administration of 2000–06, annual average GDP was up just 2.3 percent, and for three years running, 2001–03, growth was negative or did not keep up with population growth. In one account of the last twenty-five years—the time the neoliberal model has been in place—average annual growth was 1.93 percent, while the population grew by just under 2 percent (1.76 percent). Over these twenty-five years, average annual per capita GDP grew 0.17 percent. This means it would take Mexico over 400 years just to double it. Millions of Mexicans have been forced to migrate due to unemployment and low wages—the clearest living proof of the failure of

neoliberalism.

José Valenzuela has estimated that, in Mexico, the increase in the ratio of surplus product to aggregate product (i.e., the economy's potential for expanded reproduction) has been due to the depression in real wages. Only 15-16 percent of the total surplus is used for investment; the rest—unproductive uses—account for the remaining 84-85 percent. If what counts in maximizing economic growth is the relationship between the surplus, investment, and national income, it is extremely significant that 85 percent of the surplus product is used unproductively; and that only 15-16 percent of the surplus goes toward capital formation. And if we look at investment in production, the indicator is below 10 percent. In short, the neoliberal model has brought high exploitation of urban and rural workers and squandering of the surplus on a vast scale.

Historically, Mexico is a country of vast social inequalities. Not even neoliberals deny that with the policies of the last twenty-five years these inequalities have grown more pronounced. This is demonstrated by several indicators. According to information from the Mexican Stock Exchange, at the close of 2006, just 173,000 investors (0.16 percent of Mexico's total population) had accumulated capital on the stock market equivalent to 37.7 percent of GDP. According to the World Bank, 50 percent of Mexico's 105 million inhabitants live in poverty on wages of below $4 a day. Of these, 15 percent live in extreme poverty on incomes of less $1 a day.

Again José Valenzuela, using ECLAC data for 2004, stresses the fact that, in terms of income distribution for urban Mexican households in 2002, the poorest 10 percent of homes accounted for 3.1 percent of national family income, while the richest 10 percent had 31.2 percent. The inequality is glaring.

Using the most disaggregated statistics available in the country and reviewing over thirty variables of socioeconomic well-being, Gabriel Mendoza Pichardo has identified three significant regional effects in levels of income and well-being in Mexico: (1) polarization between the North (relatively better off) and the South (poorer, backward, and with lower levels of well-being); (2) the fact that the sub-region that is worst off is South-Southeast Mexico (the precise area covered by the PPP); and (3) the reality that, under neoliberalism, the historical trend in the thirty-one Mexican states toward regional convergence of GDP and per capita GDP over 1950-80 has halted.[8]

As we know, neoliberalism at the global level arrived hand in hand with the hegemonic prevalence of the interests of financial capital, which

displaced the industrial bourgeoisie within the dominant bloc. Interest, rentier income, and speculative gain not only cut into the importance of industrial profits, but conditioned the workings of the system as a whole, insofar as the "financialization" of the global economy became a predominant feature.[9]

With the advent of neoliberalism, Mexico has undergone a paradoxical structural shift from an import-substitute industrialization model to an export-oriented industrialization model. This has had several negative or dangerous outcomes. Imports are outgrowing exports. Mexico has a high concentration of foreign trade with the United States (slightly over 90 percent) in a low number of product groups (just ten). Numerous industrial links have been broken leading to the disappearance of thousands of businesses and even entire branches. The industrial sector's relative importance in the economy is on the wane, as is the importance of the strategic metalworking branch within the industrial sector. And the composition of the total product has been distorted, as the financial sector has grown in importance in terms of GDP.

The Mexican economy also suffers from the grave general problem of financial parasitism, apparent in public finances on the spending side, but also in the levels and costs of borrowing of large government enterprises and for the lowly consumer. This is due to the low percentage of loans to the productive sector and the high cost of bank service commissions.

Although Mexico saw the elections out without a financial crisis like 1982, 1987, and 1994, because its debt payments were relatively affordable,[9] we should not forget that the external national debt stands at $40.3 billion and that, over the last twenty years, we have paid out hundreds of billions of dollars in servicing this debt. Since the early 1990s, we have seen how external debt falls as "internal debt" rises; the federal government's internal national debt currently stands at $110 billion.

Financial parasitism is a serious problem. The public finances bear two extremely heavy financial burdens: (1) the bailing out of the banks and expressways given as concessions to private businessmen around the time of the Mexican peso crisis of 1994; (2) the added burden of stock exchange certificates of public corporations, states, and municipalities throughout the country, representing 38 percent of total spending. At the same time, the cost of financing private investors building infrastructure for Mexico's energy companies was almost $19 billion in 2006.

Finally, neoliberalism in Mexico has been the business ideology

responsible for the highest number of enterprise deaths due to growing monopolization in all areas of the economy. A small core of no more than twenty powerful Mexican financial groups, plus another twenty foreign groups have secured a nationwide presence throughout the country. Mexico as a result not only has several of the richest men in the world, but the financial groups' power extends both to productive activities (industry and agriculture) and to trade, services, and finances. They play a decisive role in activities like telecommunications and electronics, and the production of automobiles, cement, glass, beer, and textiles.

Oil exports, the activities of the maquiladora industries, and remittances from migrant workers are still the main sources of Mexico's foreign earnings. This suggests at least two significant uncertainties about their continued existence. First, oil reserves are rapidly running out and, aside from being a significant part of Mexico's foreign earnings, oil exports generate over a third of the state's tax revenue. Second, future remittances from migrants will depend to a great extent on the kind of migration policy implemented by the United States.

In short, the neoliberal model of accumulation in Mexico is showing signs of flagging and the predatory neoliberal state is in political crisis. Yet this does not mean the death of neoliberal policies. Rather, due to the loss of legitimacy, it means there will be a tendency to resort to those populist-type policies specifically benefiting the clienteles of the right. This will be combined with a far-reaching campaign of repression targeting the left to prevent discontent in Mexico from becoming generalized when the project to plunder labor and natural resources is stepped up.

Still, as the exploitative nature and repressive agenda of neoliberal reforms is growing clearer by the day, protests will tend to spread at almost the same rate as the social breakdown caused by the model.

To these problems of the Mexican economy, we will have to add the implications of external and fiscal imbalances within the U.S. economy, which herald a slowing of growth, a possible surge in inflation, and an austerity policy in terms of social spending. All of this goes hand in hand with stepped-up military spending on the war in Iraq. The stability of the U.S. political economy is therefore in doubt with potential dire consequences for Mexico.

In spite of everything, there is no room for pessimism. Behind the contingent defeats of the electoral and social struggle, there are strong indications that a new democratic culture is being forged across

Mexico—new bottom-up alternatives of popular organization and international solidarity. There are clear signs that the resistance is alive and well throughout Mexico and that, slowly but surely, it is ripening.

Notes

1. I analyze this process in greater detail in Alejandro Alvarez Béjar, "Economía Política de la Integración Profunda de México con América del Norte," in Alejandro Alvarez Béjar & Gabriel Mendoza Pichardo (eds.), *Integración Económica: impactos regionales, sectoriales y locales en el México del siglo XXI* (Mexico: Editorial ITACA-UNAM-UNISON-UV, 2007), 36–42.
2. See the shocking account of the PAN's abuse of public funds for rural housing, rural production projects, support for the elderly, and temporary employment documented by the journalist, José Reveles, in *Las manos sucias del PAN* (Mexico: Editorial Planeta, 2006).
3. We must not forget there have been several collapses of the party system in Latin America. For the case of Venezuela, see Jana Morgan, "Partisanship during the Collapse of Venezuela's Party System," *Latin American Research Review* 42, no. 1, (2007): 78–98.
4. See Juan Balboa, "Rechaza el papa Benedicto XVI despenalización del aborto en el DF," *La Jornada*, April 21, 2007.
5. See INEGI, *Población Económicamente Activa*, at http://www.inegi.gob.mx/.
6. See Raúl Delgado Wise, "Migration & Imperialism: The Mexican Workforce in the Context of NAFTA," *Latin American Perspectives* 33, no. 2 (March 2006): 35–39.
7. See Gabriel Mendoza Pichardo, "Evolución Económica y social de las Regiones de México 1990–2005," in Béjar & Mendoza Pichardo, *Integración Económica*, especially tables 1, 2, and 3.
8. I examine this hegemonic rise for Mexico in *La Crisis Global del Capitalismo en México 1968–1995* (Mexico: Editorial ERA, 1987), chap. 3. There is an important account of the complexity, trends, and problems associated with the financialization of capitalism in John Bellamy Foster, "The Financialization of Capitalism," *Monthly Review*, 58, no. 11 (April 2007): 1–12.
9. This partly explains the prevailing sense of "financial calm" in the 2006 elections. I have developed this argument in "Mexico 2006 Elections: The Rise of Populism & the End of Neoliberalism?," *Latin American Perspectives*, no. 147 (March 2006): 17–19

To build communism it is necessary, simultaneously with the new material foundations, to build the new man....What we must create is the man of the twenty-first century.

—Che Guevara, "Socialism and Man in Cuba," March 1965

Oaxaca

Rebellion against Marginalization, Extreme Poverty, and Abuse of Power

B. GLORIA MARTÍNEZ GONZÁLEZ AND ALEJANDRO VALLE BAEZA

1. New Social Struggles in Mexico

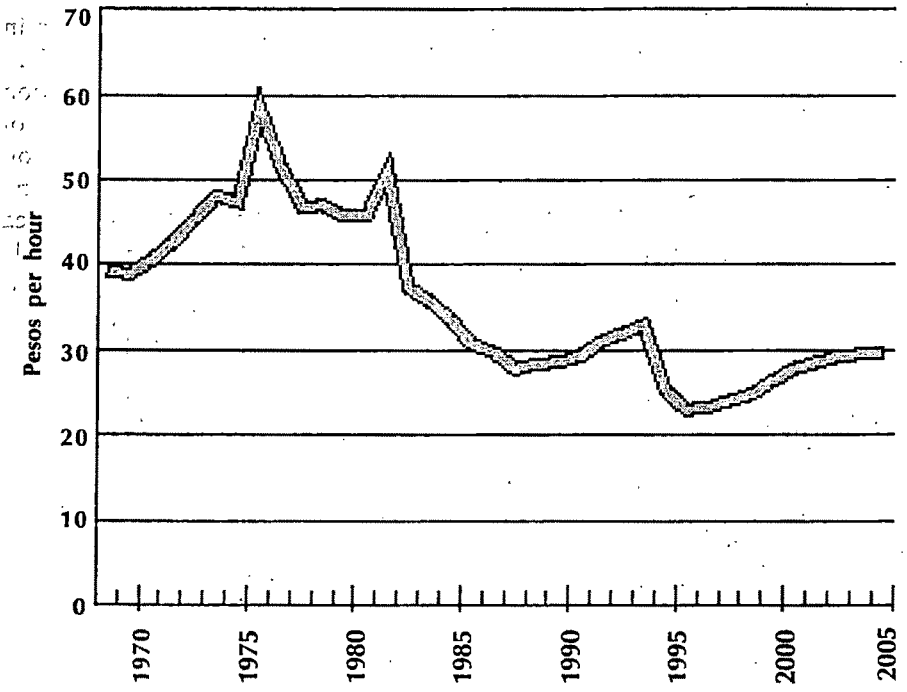
In the last five years, millions of people have taken to the streets in Mexico challenging the political system and economic policies. In Atenco, in the state of Mexico, the population prevented the construction of the new Mexico City airport in 2002. Atenco became a center of resistance which has supported numerous struggles. Over a million people participated in protests in the year 2005, when the right-wing government of Vicente Fox attempted to eliminate Andrés Manuel López Obrador from the presidential elections of 2006 by way of a "legal" maneuver. More than two million protested against the election fraud with which Fox's government imposed the presidency of Felipe Calderón. Thousands of citizens of Oaxaca rebelled against the corrupt and oppressive state government of Ulises Ruiz Ortiz. Despite assassinations, disappearances, beastly abuse, and imprisonment, the protest, which began in May of 2006, continued until April of 2007. In retaliation for the events of 2006, the federal police repressed hundreds of protesters and arrested dozens of people. They broke into homes without warrants, and raped women.

Chart 1 shows one of the explanations for the protests; the real industrial wage is nearly half what it was in 1976. If this occurred in an organized worker sector, then the rest have done even worse. The minimum wage, which according to the federal labor law should be enough for a family with one working member, has been reduced in real terms to 25 percent of its equivalent in 1976. Apart from the fact that wages remain very low, the little employment that has been created is of poor quality. Between 2002 and 2004, 2.8 million jobs were created, most

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of them without fringe benefits. The population growth demands approximately 1.5 million new jobs per year. This suggests that unemployment must have increased, although it did not, due to migration, as may be seen below. A clear indicator of the bad quality of employment generated in the last years is that from December 2002 to June 2006, the number of workers registered in the Mexican Institute of Social Security increased by 970 thousand, of which 60 percent were temporary workers. Few jobs were created with benefits, and most were temporary.

Chart 1: Real industrial wage, 1969-2005 (2005 pesos)



With few jobs and bad pay, Mexican workers have migrated to the United States. It is estimated that Mexican migration to the United States, including unauthorized immigration (80-85 percent of the total) was a *half-million people per year* in the last decade.[1] In the sixties, Mexican migration was approximately thirty thousand people per year, which means it has increased by more than sixteen times. The economic crises and inflexible neoliberal policies have made life impossible for

many Mexicans in their own country, and have made crossing the border a necessity, under ever harder conditions. In Arizona alone, during a ten-month period in 2006, according to a humanitarian organization 205 immigrants died, some of them were assassinated by racist groups.[2]

Chart 2: Real annual GDP growth per capita

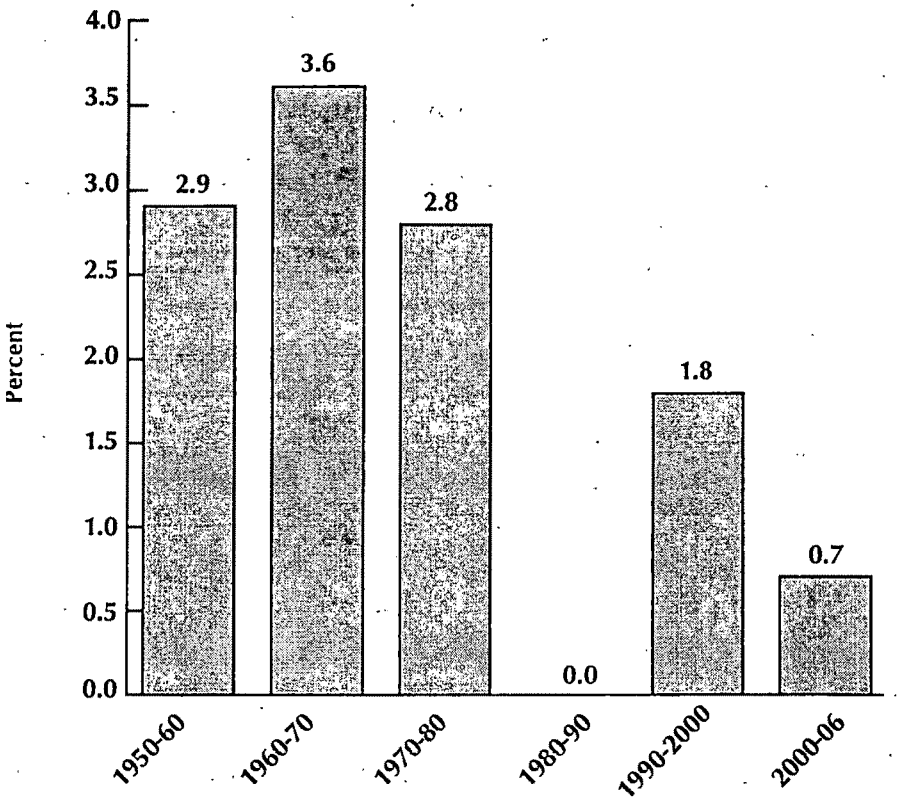


Chart 2 depicts the poor performance of the Mexican economy. Its faulty operation in the last thirty years adds to the problem of a vast inequality in the distribution of income. The richest 20 percent of the population has an income approximately twenty times that of the poorest 20 percent. The distribution of income is so uneven that the poorest quintile of the Mexican population has an income comparable to the lowest quintile of Sri Lanka, at purchasing power parity, despite the fact that this country has an average income corresponding to one-third of the average income in Mexico.

The political struggle has a complex history. The Institutional Revolutionary Party (PRI) governed the country for seventy-four years in an authoritarian manner. The PRI has yielded most of its power to a party further to the right, the National Action Party (PAN), and to one on the left, the Party of the Democratic Revolution (PRD). Yet, in a few areas, such as Oaxaca, it remains in power after eighty years.

With each passing day it becomes clearer that this country is governed by a transnational bourgeoisie: managers of foreign companies and local businessmen with transnational interests as investors in other countries or partners in foreign companies. This transnational bourgeoisie relies on the PRI and the PAN to govern; occasionally these parties work at cross purposes, but generally they work together in a combination known as PRIAN. The two factions of the PRIAN often compete to see who offers more to the ruling bourgeoisie; this was the case with the approval of the radio and television legislation in which disproportionate privileges were granted to the two companies that own all commercial television and almost all the radio stations. In 1988 the presidential election fraud was carried out by the PRI with the complicity of the PAN. The new fraud in 2006 served to help the PAN keep the presidency, and it was done with the support of the PRI. The 1988 fraud took place to avoid the unexpected rise of the center-left candidate: Cuauhtémoc Cárdenas. In 2006, the fraud on the part of the PAN was executed to prevent the expected victory of the center-left, represented by Andrés Manuel López Obrador. Today, several municipalities and some states are ruled by the center-left.

Many people are engaged in struggles over concrete local problems. But there is an increasing interest in national problems. Unions, which were once decidedly in favor of the employer, such as the National Union of Mine Workers or the union of public social security workers, the IMSS, have been forced by their members into conflict with employers and the government. Battles which might have been local have moved into the national scene—such as the insurrection of the Zapatistas in Chiapas in 1994 or the exemplary struggle in Oaxaca which began in 2006. These two movements have moved further left than the main center-left party, the PRD, which governs the capital of the country, several states, and numerous municipalities.

2. The Popular Assembly of the Peoples of Oaxaca

Oaxaca

Of the 3.5 million inhabitants of Oaxaca approximately 52 percent are

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female, 34 percent are under fifteen years of age, and 35 percent speak an indigenous language.[3] Among the most spoken languages are Zapotec, Mixtec, Mazatec, Mixe, and Chinantec.

Oaxaca has an infant mortality rate of 24.6 percent (the national average is 18.8); the population with access to medical assistance is 22.5 percent in contrast with 46.9 percent nationally; around 20 percent of the population is illiterate (7 percent nationally); 45 percent of its workers are self-employed (20 percent nationally); and 68 percent earn no more than twice the minimum wage (up to $8.65 a day) while 46.7 percent do on the national level.

The Popular Assembly of the Peoples of Oaxaca (APPO) is part of a very long history of black and indigenous struggle and resistance. In the second half of June 2006, hundreds of Oaxacan organizations declared that they understood the necessity of uniting against the common enemy of the Mexicans: "the fascism personified in the state governor," Ulises Ruiz Ortiz, whom they do not recognize.

The APPO is comprised of around 365 social, political, human rights, non-governmental, environmental, gender, student, and union organizations, the indigenous communities, and thousands of independent Oaxacans. The APPO formally came into being on June 17, after the brutal repression against teachers of local 22 of the National Union of Education Workers and the Promoter of National Unity against Neoliberalism. It hopes for a society with neither the exploited nor exploiters.

Despite the Dead and the Disappeared

From the very beginning, Ulises Ruiz's government has waged a dirty war—"operation iron" against the Appistas, as members of the APPO are called, first against leaders and then against any of its members, giving orders to arrest, fatally attack, or "disappear," by means of hit men and members of the paramilitary group "Los Zetas." "In this 'dirty war,' there have been violent deaths, such as that of the schoolteacher whose throat was slit while close to his home, very much in the style of the acts carried out by the narcotrafficking hit men, Los Zetas."[4] The list of dead is numerous and that of the disappeared is enormous.

3. Chronology of the Rebellion and the Repression[5]

The Teachers' Movement

The conflict began on May 1, 2006. Members of Local 22 of the National Education Workers Union (SNTE) delivered a list of demands

to Ulises Ruiz, which were *purely economic*, such as the creation of education infrastructure, teaching positions, provision of materials for more than one thousand schools within the entity, support for scholarships and school breakfasts, and the application of a salary scale that would allow a gradual recuperation of the buying power of the teachers' salaries.

May 22, hearing no response to their list of demands, hundreds of teachers supported by social organizations initiated an indefinite encampment in the historical center of Oaxaca.

June 1, the movement blocked the five access ways to the Oaxaca international airport.

June 2, the first mega-march drew some eighty thousand people in support of the occupation and in repudiation of the Ulises Ruiz government, which ordered teachers to return to classes on June 5.

June 5, the movement rejected the governor's ultimatum because its demands had not been met.

June 7, the second mega-march of the movement was realized.

June 8, a commission of teachers coordinated by Enrique Rueda, secretary general of Local 22, met with the federal government to seek a solution to the conflict.

June 14, the state police failed in its operation to evict the encampment situated in the center of the city.

The APPO

Between June 17 and 21, the APPO was formally constituted.

July 2, the punitive vote triumphed, and the PRI lost elections in almost every district.

July 11, the secretary general of government and the director general of public security, Jorge Franco Vargas and José Manuel Vera Salinas, respectively, were removed for their participation in the eviction effort of June 14.

On August 1, hundreds of rebellious women marched through the streets and occupied radio and television facilities of the state government.

August 18, there was a statewide general strike, the main entryways to the city of Oaxaca were blocked.

The March for the Dignity of the Peoples of Oaxaca

September 21, the march/walk for the dignity of the peoples of Oaxaca to Mexico City commenced.

September 30, as airplanes and helicopters flew overhead and troops

landed at the ports of Salina Cruz and Huatulco, the State Assembly of the Peoples of Oaxaca was concluding. The assembly had just passed resolutions to continue acts of resistance and solidarity in that city, in Mexico City, and in other regions outside of the country.

October 16 in Mexico City, a hunger strike began in support of the federal government declaring the "relinquishment of power" in Oaxaca (which would annul the authority of the governor, legislature, and judiciary of the state of Oaxaca); all except one would lift their hunger strike by early December.

October 19, Mexican senators decided not to declare relinquishment of power, even though they recognized that Oaxaca is in a state of anarchy. Thousands of persons marched in Oaxaca to reject the legislative decision that favored Ulises Ruiz.

October 27, the teacher Emilio Alonso Fabián and U.S. journalist Bradley Roland were assassinated. Furthermore, the APPO reported sixteen wounded, one disappeared, and three kidnapped teachers.[6]

October 28, representatives of the Oaxacan teachers and the secretary of government signed an agreement for a gradual return to classes starting on the next day. The secretary of government conceded the seventeen points on the list of the teachers' demands, including its central request of "rezoning" which would increase the salaries of all of the education workers. (Teachers' salaries had been set according to geographical location with higher salaries in the city of Oaxaca and certain tourist centers than in more remote regions.) The teachers furthermore obtained offers to liberate on the following Monday the four prisoners who were members of this movement, to cancel all of the arrest warrants, and to provide security for the teachers upon their return to classes. In addition, it promised five retroactive fortnightly salaries, community kitchens, and 500,000 pesos to initiate a shoe program. Likewise, the director of the State Public Education Institute of Oaxaca, Emilio Mendoza Kaplan, was removed from office.

The following day, October 29, the Federal Preventive Police (PFP), the Federal Investigations Agency (AFI), and state police entered Oaxaca. Four thousand policemen and special intelligence and tactical groups participated in the repression. They used helicopters of the federal police and army, tanks that fired ammunition, pepper spray, and tear gas. The balance of the repression against the Appistas was three dead (a number that the Fox government denied), eight wounded, and fifty detained. The government forces took the Zócalo (the main plaza) and the APPO retreated to the university.

November 11, the Constituent Assembly of the APPO began with more than a thousand delegates who represented the seven regions of Oaxaca and all of their social sectors. The delegates were elected democratically in *barrios*, *agencias*, common land cooperatives, *municipios*, unions, *colonias*, organizations, barricades, and they were obligated to bring these voices to the assembly.[7]

At the assembly, the international, national, and state contexts were analyzed; a discussion took place about the institutional crisis, comprehensive reform in the Free and Sovereign State of Oaxaca, and a new government, constituent assembly, and constitution. Also, the principles, bylaws, and goals of the APPO were declared; its prospects were examined and short-, medium-, and long-term programs and plans were developed. The assembly championed various principles that ought to govern the operation of the APPO, most notably: anti-capitalism, anti-imperialism, direct democracy, independence from the state, and gender and ethnic equality.

November 17, a national conference of the APPO was held in Mexico City. First, the APPO reviewed and evaluated its own movement. Second, different political and social personalities and organizations endorsed the APPO movement and its petition for the departure of Ulises Ruiz from the government of Oaxaca. Among these supporters were Andrés Manuel López Obrador, legitimate president of Mexico and coordinator of the civil resistance against Calderón policy; The Mexican Electricians Union; the Streetcar Union; the Independent Democratic Workers Party; the Broad Progressive Front of political parties; the Popular Assembly of the People of Michoacán; Women without Fear (which came about after the repression in Atenco, State of Mexico); the Coordinator of Worker, Campesino, and Popular Organizations; the organizations Aquí Estamos (Here We Stand) and Regeneración; and Senator Rosario Ibarra de Piedra, coordinator of the Senate Human Rights Commission.

November 18, the Popular Assembly of the Peoples of Mexico emerged, which is comprised of the above-mentioned organizations, unions, and many others.

From the Fox-Ruiz Repression to that of Calderón

November 25, the federal authorities declared that they would execute arrest warrants and the PFP repressed Appistas at barricades. There were 4 dead, 140 wounded, and 100 detained.

November 27, the PFP declared that its tolerance had come to an end and it would execute the arrest warrants against sympathizers and leaders of the APPO; it searched at least twenty properties looking for

activists of that organization. It destroyed barricades, committed physical and psychological torture, and jailed Appistas; it evicted them from areas they had occupied. In pursuit of the Appistas, the PFP entered schools and classrooms in search of teachers who were members of the APPO, whether in front of high-school or kindergarten students, they dragged them out or pointed high-caliber weapons at them. The incarcerations were initially in Miahuatlán and Tlacolula, and in the ensuing hours those arrested were transferred no longer to Nayarit—as occurred with the detainees on November 25—but to the federal maximum security center in Matamoros, Tamaulipas, i.e., from a state in the southeast to states in the north.

In the first days of the government of "PFeliPe Calderón"—as he was called because of the PFP—there was more torture and incarcerations. The government of PFeliPe accepted the dialogue called for by the Appistas and (one day) prior to sitting down at the table, he apprehended one more of its city council members, among other APPO members.

International Evaluation following the Repression

An International Civil Commission of Observation of Human Rights (CCIODH) visited Oaxaca.[8] In its document *Preliminary Conclusions and Recommendations Concerning the Social Conflict in Oaxaca*, it makes the following assessment up through January 2007: "The Commission considers that the events that occurred in Oaxaca form part of a juridical, police and military strategy, acting on a psychosocial and community level, whose goal is to control and intimidate the population in areas where community-based or non-partisan social movements are unfolding."

The results of the strategy are as follows:

(1) Twenty-three deaths of individuals who were identified, plus others who remain unidentified, and cases where suspicion of disappearance seems justified. However, none have been reported to the police (obviously because people do not trust the police).

(2) Obstruction of the exercise of basic human rights, freedom of speech, thought, association, gathering, political participation, free movement, and protest. All this by way of physical force and coercion as shown by the violence against sit-ins and peaceful protest marches; impediment of the full exercise of legally elected communal representatives; and violence to reporters and the harassment of the media.

(3) The state and federal police forces have made recurrent arbitrary illegal arrests, occasionally massive arrests, of civilians, using disproportionate physical and psychological violence. Groups of persons out of uniform, bearing high-caliber weapons have kidnapped people, made illegal arrests, searched and shot at people, sometimes using police vehicles and with the participation of public officers. During their transportation psychological and physical torture was carried out (including electric shocks, beating, wounding, burning, etc.) on those arrested. The CCIODH has indications of rape of men and women, based on testimonies and clinical charts. The federal and state governments do not guarantee the right of defense of detainees and their legal processes: there was no assistance from a trusted lawyer, no private interviews, and no assistance from interpreters in the case of indigenous people. Instead, they were assisted by official lawyers who depend organically on the local government, and they backed all the illegal actions which took place in the processes.

(4) The criminal acts against the civilian population have been investigated and results have been obtained. Investigations have attempted to lay blame on the victims and their families.

(5) The National and State Human Rights Commissions have acted partially to cover the gravity of the events and exonerate the responsible governments.

4. The APPO Stands its Ground

Despite the generalized repression, the struggle was not interrupted. Here are some examples:

January 26, 2007, teachers, students, and parents marched in the district of El Retiro. On February 3, the APPO carried out their ninth mega-march. With thousands of protesters, they showed their strength.

February 8, the APPO organized the Second National Forum in Defense of Human Rights in Oaxaca, where a balance was made of the prevailing situation; organizational strategies were designed to demand the cessation of violations of human rights in the country; and national and international alliances and commitments were established. On February 10 and 11, the First State Assembly of the Popular Assembly of the People of Oaxaca (city of resistance) was convened.

March 8, the APPO organized a protest with thousands of participants, to commemorate International Women's Day and to continue their struggle. On March 17, the Extraordinary State Assembly of the APPO was held in the Hotel del Magisterio, in Oaxaca City. On March 25, the APPO participated in a large protest against the new Social

Security and Services Institute Law for State Workers. The new law harms teachers and other federal employees by raising the age of retirement, reducing retirement pensions, and threatening health benefits.

In April, the APPO organized new marches. On April 20 and 21, they carried out the Third International Forum for Human Rights in Oaxaca, in which a Popular Jury of Public Morals was created, which found the governor Ulises Ruiz Ortiz guilty of crimes against humanity.

5. What Next?

The PRI governor is brutal, corrupt, and authoritarian, as are others in the country. In Oaxaca the primary and secondary schoolteachers initiated a struggle that was repressed like so many others before. This time that did not work. The struggle extended to more than one million Oaxacans. PRI and PAN lost the elections for local representatives in the Federal Congress in July 2006. A parallel authority was established in the city of Oaxaca, the state capital, and in many *municipios*. Its chief demand: the resignation of Governor Ulises Ruiz Ortiz, the murderous little dictator. The PRI denied his removal from office because, if new elections were called, the PRD would win. The PAN obtained the presidency of the country for Felipe Calderón on that very day, July 2, by means of an obvious fraud and a campaign of fear and slander backed by large transnational corporations. It did not obtain the necessary majority to enact legislation. All of this led to another PRI-PAN alliance.

The PRIAN today maintains the government of the fraud and that of Oaxaca in power; it applies force against the APPO and conceals the assassins of dozens of persons; it applies counterinsurgent tactics already tried in other parts of the country and the world and commits state terror against the Oaxacan population. It disappears persons, as in the South American dirty wars or that of Mexico in the seventies, and it banishes prisoners as did the Spanish government with members of Basque Homeland and Freedom. Why? For the classist fear of any popular insurrection that cannot be controlled through the corruption of leaders and selective repression. The government of Ulises Ruiz already attempted that without success. Therefore, the phase of state terror has begun, as in previous South American dictatorships.

The APPO insurrection chiefly asked for the departure of Ulises Ruiz and satisfaction of the teachers' demands. To achieve that, it constituted itself as an organization that can achieve much more. The brutal repression of the PRIAN was unleashed to counter that possibility. Today Oaxaca is in a state of undeclared siege. The APPO appears weak but is

not in retreat. Will repression triumph this time? We shall soon see if the APPO can respond to the brutal onslaught of the PRIAN. We shall see if national and international support can aid this exemplary struggle.

Notes

1. Jeffrey S. Passel, "The Size and Characteristics of the Unauthorized Migrant Population in the U.S. Estimates Based on the March 2005 Current Population Survey," Research Report, March 7, 2006, Pew Hispanic Center, http://www.pewhispanic.org.
2. http://www.derechoshumanosaz.net/deaths.php.
3. INEGI, *Population Count, 2005*, http://www.inegi.gob.mx.
4. José Gil Olmos, "Las fuerzas oaxaqueñas," *Proceso*, http://www.proceso.com.mx.
5. Based on our research and on "Cronología del conflicto en Oaxaca," *El Universal*, October 30, 2006, http://www.eluniversal.com.mx.
6. Matías Pedro and Rosalía Vergara, *Proceso*, October 29, 2006.
7. *Colonias* and *barrios* are different sized neighborhoods and *agencias* are small villages; they are all administrative subdivisions of *municipios*, which are roughly equivalent to counties in the United States.
8. The International Civil Commission of Observation of Human Rights was founded to investigate the human rights situation in Chiapas, http://cciodh.pangea.org.

In the early seventies Chile was a small island in the tempestuous sea in which history had plunged Latin America, the continent that appears on the map in the form of an ailing heart. We were in the midst of the Socialist government of Salvador Allende, the first Marxist ever to become president in a democratic election, a man who had a dream of equality and liberty, and the passion to make that dream come true. The book with the yellow covers [Eduardo Galeano's *Open Veins of Latin America*], however proved that there were no safe islands in our region, we all shared five hundred years of exploitation and colonization, we were all linked by a common fate, we all belonged to the same race of the oppressed. If I had been able to read between the lines, I could have concluded that Salvador Allende's government was doomed from the beginning. It was the time of the Cold War, and the United States would not allow a leftist experiment to succeed in what Henry Kissinger called "its backyard." The Cuban revolution was enough; no other socialist project would be tolerated, even if it was the result of a democratic election. On September 11, 1973, a Military Coup ended a century of democratic tradition in Chile and started the long reign of General August Pinochet. Similar coups followed in other countries, and soon half the continent's population was living it terror. This was a strategy designed in Washington and imposed upon the Latin American people by the economic and political forces of the right. In every instance the military acted as mercenaries to the privileged groups in power.

—Isabelle Allende, "Breath of Hope: On the Writings of Eduardo Galeano," *Monthly Review*, April 1979 (published as the introduction to a new edition of *Open Veins of Latin America* [New York: Monthly Review Press, 1997])

Venezuela

A Good Example of the Bad Left of Latin America

MICHAEL A. LEBOWITZ

Fair wages, a fair day's work! Through their struggles within capitalism, it has often been possible for workers and citizens to secure themselves some share of the benefits of social labor. Capitalist globalization and the offensive of neoliberal state policies, however, have encroached upon all those gains from past struggles; and the answer to those who were surprised to find those victories ephemeral was the mantra of TINA—there is no alternative.

Yet, as the devastation of the capitalist offensive has become obvious, opposition has emerged especially in Latin America. We *warned* you this would happen, say the hucksters and self-promoters; instead of the good times ahead promised from the neoliberal medicine prescribed from the 1980s on, Latin America experienced (in the words of Jorge G. Castañeda) "the persistence of dismal poverty, inequality, high unemployment, a lack of competitiveness, and poor infrastructure" ("Latin America's Left Turn," *Foreign Affairs*, May/June 2006). The left ("rightly foretold" by the prophets) has returned.

This means that hope has returned. Working people around the world look to Latin America these days for the demonstration that there *is* an alternative, that a better world is possible. But, are they *right* to look to Latin America? Is a real alternative emerging or is it merely a negotiation of better terms in the implicit contract with capitalist globalization? Is Latin America breaking with capitalism or is it struggling for fairness?

The Good Left and the Bad Left

Of course, we know that all lefts are not the same. And, indeed, that is a constant theme among commentators of all varieties. While few

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would divide Latin America in accordance with dietary practices as did Alvaro Vargas Llosa (Fidel Castro, Hugo Chávez, and Evo Morales being designated as "carnivores"—*Washington Post*, August 6, 2006), for many there is simply the Good Left and the Bad Left. What they have in common, according to Castañeda, is that they stress "social improvements," "egalitarian distribution of wealth," "sovereignty," and "democracy" (over the presumed opposite package of macroeconomic orthodoxy, wealth creation, international cooperation, and governmental effectiveness). What makes the Bad Left *bad*, though, is essentially described by one word—"populism."

When they hear the term populism, Latin American intellectuals reach for their incense. Partly that is because the term conveys people, masses, the unwashed in motion. When Castañeda declares populism to be "nationalist, strident, and close-minded," it is hard not to think of this as his description of the masses themselves. But, there is more to it (or, rather, there is another aspect of this). When he describes as among the characteristics of populists in power that they "nationalized large sectors of their countries' economies, extending well beyond the so-called commanding heights" and captured "natural resource or monopoly rents, which allowed them to spend money on the descamisados, the 'shirtless,' without raising taxes on the middle class," you know that what makes the Bad Left *really* bad is its attack on capital.

Small wonder, then, that the Good Left is said to include the governments of Chile, Uruguay, and Brazil (and maybe even Nestor Kirchner's Argentina), while the Bad Left invariably revolves around Venezuela's Hugo Chávez and Bolivia's Evo Morales. Given that the distance from Chávez appears to be the true measure of all things, one might conclude that Ecuador's Rafael Correa will also fall into the category of the Bad.

Yet, here is where this classification system breaks down. How do we distinguish between an attack on capitalism as such and an attack on the current policies and practices of capitalism? Between a struggle for a new economic system, on the one hand, and a struggle for *fairness* on the part of international creditors, in trade relations, and in the distribution of resource rents, on the other? Distinguishing between these may be harder than it appears at first sight.

After all, even a process of despotic inroads upon capital (of a long march which wrests, "by degrees, all capital from the bourgeoisie," in the words of Marx and Engels) is certain to be described as mere reformism by those for whom anything less than storming the heights

immediately—nationalizing everything with workers' control now—is simply acquiescence to international capital. Abstract idealists for whom the correlation of forces (internal and external) and the concept of *process* mean less than the pamphlets they have underlined always sing the same tune of betrayal (changing only the names of those who have spurned their overtures). But, it does not mean that they are wrong in particular cases.

How can we identify an attack on capitalism as such? Is an alternative to capitalism being built in the new left governments of Latin America?

Identifying an Alternative to Capitalism

What constitutes a real alternative to capitalism? I suggest that it is a society in which the explicit goal is not the growth of capital or of the material means of production but, rather, human development itself—the growth of human capacities. We can see this perspective embodied in the Bolivarian Constitution of Venezuela—in Article 299's emphasis upon "ensuring overall human development," in the declaration of Article 20 that "everyone has the right to the free development of his or her own personality," and in the focus of Article 102 upon "developing the creative potential of every human being and the full exercise of his or her personality in a democratic society."

In these passages (which are by no means the whole of that constitution), there is the conception of a real alternative—an economy whose logic is not the logic of capital. "The social economy," President Hugo Chávez said in September 2003, "bases its logic on the human being, on work, that is to say, on the worker and the worker's family, that is to say, in the human being." That social economy, he continued, does not focus on economic gain, on exchange values; rather, "the social economy generates mainly use-value." Its purpose is "the construction of the new man, of the new woman, of the new society."

These are beautiful ideas and beautiful words, but they are, of course, only ideas and words. The first set comes from a constitution and the second comes from the regular national educational seminar known as *Aló Presidente*. How can such ideas and words be made real? Let me suggest four preconditions for the realization of this alternative to capitalism.

(1) Any discussion of structural change must begin from an understanding of the *existing* structure—in short, from an understanding of capitalism. We need to grasp that the logic of capital, the logic in which profit rather than satisfaction of the needs of human beings is the goal, dominates both where it fosters the comparative advantage of

repression and also where it accepts an increase in slave rations.

(2) It is essential to attack the logic of capital ideologically. In the absence of the development of a mass understanding of the nature of capital—that capital is the result of the social labor of the collective worker—the need to survive the ravages of neoliberal and repressive policies produces only the desire for a fairer society, the search for a better share for the exploited and excluded: in short, barbarism with a human face.

(3) A critical aspect in the battle to go beyond capitalism is the recognition that human capacity develops only through human activity, only through what Marx understood as "revolutionary practice," the simultaneous changing of circumstances and self-change. Real human development does not drop from the sky in the form of money to support survival or the expenditures of popular governments upon education and health. In contrast to populism, which produces people who look to the state for all answers and to leaders who promise everything, the conception which truly challenges the logic of capital in the battle of ideas is one which explicitly recognizes the centrality of self-management in the workplace and self-government in the community as the means of unleashing human potential—i.e., the idea of socialism for the twenty-first century.

(4) But, the *idea* of this socialism cannot displace real capitalism. Nor can dwarfish islands of cooperation change the world by competing successfully against capitalist corporations. You need the power to foster the new productive relations while truncating the reproduction of capitalist productive relations. You need to take the power of the state away from capital, and you need to use that power when capital responds to encroachments—when capital goes on strike, you must be prepared to move in rather than give in. Winning the "battle of democracy" and using "political supremacy to wrest, by degrees, all capital from the bourgeoisie" remains as critical now as when Marx and Engels wrote the *Communist Manifesto.*

Consider these preconditions. Are they being met by the new Latin American governments on the left? On the contrary, for the most part, we can see the familiar characteristics of social democracy—which does not understand the nature of capital, does not attack the logic of capital ideologically, does not believe that there is a real alternative to capitalism, and, not surprisingly, gives in when capital threatens to go on strike.

"We can't kill the goose that lays the golden eggs," announced the

social democratic premier of British Columbia in Canada (in the 1970s when I was party policy chairman). Here, crystallized, is the ultimate wisdom of social democracy—the manner in which social democracy enforces the logic of capital and ideologically disarms and demobilizes people.

Venezuela, however, is going in a different direction at this point. While the Bolivarian Revolution did not start out to build a socialist alternative (and its continuation along this path is contested every step of the way), it is both actively rejecting the logic of capital and also ideologically arming and mobilizing people to build that alternative.

The Initial Venezuelan Path

Although the Bolivarian Constitution of 1999 focused upon the development of human capacity, it also retained the support for capitalism of earlier constitutions. That constitution guarantees the right of property (Article 115), identifies a role for private initiative in generating growth and employment (Article 299), and calls upon the state to promote private initiative (Article 112). And, support for continued capitalist development was precisely the direction of the initial plan developed for 2001–07. While rejecting neoliberalism and stressing the importance of the state presence in strategic industries, the focus of that plan was to encourage investment by private capital—both domestic and foreign—by creating an "atmosphere of trust."

To this was to be added the development of a "social economy"—conceived as an "alternative and complementary road" to the private sector and the public sector. But, it is significant how *little* a role was conceived for self-managing and cooperative activities. Essentially, this was a program to incorporate the informal sector into the social economy; it is necessary, the plan argued, "to transform the informal workers into small managers." Accordingly, family, cooperative, and self-managed micro-enterprises were to be encouraged through training and micro-financing (from institutions such as the Women's Development Bank) and by reducing regulations and tax burdens. The goal of the state was explicitly described as one of "creating an emergent managerial class."

The social economy, thus, was to play the role it plays in Brazil and elsewhere—islands of cooperation nurtured by states, NGOs, Grameen-type banks, and church charities and serving as positive shock absorbers for the economic and political effects of capitalist globalization. Of course, if seriously pursued, this could make things easier for the unemployed and excluded, the half of the Venezuelan working class in

the informal sector, by providing them with a better opportunity for survival. But, the social economy was not envisioned in the 2001–07 plan as an alternative to capitalism (except insofar as survival within the nooks and crannies of global capitalism constitutes an alternative).

A Third Way for Venezuela: it would turn its back on neoliberalism, would change the distribution of oil rents by acting against the state within the state that was the national oil company (PDVSA), and would move via an active state in the direction of the "endogenous development" supported by structuralist economists. The goal, in short, was a *different* capitalism. The Bolivarian Revolution at its outset clearly belonged in the Good Left.

But, it also contained a potential subversive element—its theme of human development. The Bolivarian Constitution is unequivocal in indicating that human beings develop their capacity only through their own activity. Not only does Article 62 declare that participation by people is "the necessary way of achieving the involvement to ensure their complete development, both individual and collective," but that constitution specifically focuses upon democratic planning and participatory budgeting at all levels of society and (as in Article 70) upon "self-management, co-management, cooperatives in all forms" as examples of "forms of association guided by the values of mutual cooperation and solidarity." With its emphasis upon a "democratic, participatory and protagonistic" society, the Bolivarian Constitution definitely contains the seeds of the social economy, the seeds of socialism for the twenty-first century.

And, those seeds didn't drop from the sky. They came from the social movements that were allied with Hugo Chávez's struggle to throw out the Fourth Republic (and that, through membership in the new Constituent Assembly, introduced those seeds directly into the constitution); and, they came from the self-described "subversive in Miraflores" himself—Chávez, the prisoner who wrote in 1993, "the sovereign people must transform itself into the object *and the subject* of power. This option is not negotiable for revolutionaries."

Of course, contradictory elements such as those found in the Bolivarian Constitution are not unique, and potentially subversive seeds often produce nothing. We are all familiar with governments elected as agencies of working people which, once elected, send the people home to rest for the next election. Further, there is much sad experience with the manner in which those social movements then proceed to self-police themselves—with the result that the seeds wither. In Venezuela, however,

class struggle nurtured the seeds of that social economy so that it increasingly was seen as the *alternative* to capitalist development.

To begin with, Chávez broke with the expectations of many (including opportunistic supporters) by attempting to fulfill some of his promises. And, although measures such a new hydrocarbon tax (increasing royalties on new oil production) which would allow the government to pursue its Third Way orientation were not an attack on capitalism as such, they produced a dynamic effect which went far beyond the initiative of the government. Chávez's determination to proceed despite opposition within his own camp and the response of Venezuela's pampered oligarchy (supported fully by U.S. imperialism)—first through its coup of April 2002 and then through the bosses' lockout of the winter of 2002-03—not only mobilized the masses in workplaces and communities behind Chávez but also convinced him that capitalism could not be a basis for human development. The Bolivarian Revolution from this point on started to forge a path moving away from capitalism.

A New Path

With the revival of government revenues in the latter part of 2003—following the effective re-nationalization of PDVSA, the state oil company—new programs (missions) in health and education began to demonstrate the real commitment of the Bolivarian government to wipe out the enormous social debt it had inherited. Further, Mission Mercal, building upon the experience of government distribution of food during the general lockout, started in early 2004 to provide significantly subsidized food to the poor. Soon after came Mission Vuelvan Caras—a program for radical endogenous development oriented to building new human capacities by both teaching specific skills and preparing people to enter into new productive relations through courses in cooperation and self-management. Its effect was dramatic: the number of cooperatives increased from under 800 when Chávez was first elected in 1998 to almost 84,000 by August 2005.

All this occurred in the context of Chávez's attack upon the "perverse logic" of capital and his stress upon the alternative—that social economy whose purpose is "the construction of the new man, of the new woman, of the new society." The deepening of this ideological offensive was marked by the renaming of the social economy as socialism. In January 2005 at the World Social Forum, Chávez explicitly called for the reinventing of socialism—one different from what existed in the Soviet Union. "We must reclaim socialism as a thesis, a project and a path, but a new type of socialism, a humanist one, which puts humans and not

machines or the state ahead of everything."

Six months later, influenced by István Mészáros's *Beyond Capital*, he stressed the importance of building a new communal system of production and consumption—one in which there is an exchange of activities determined by communal needs and communal purposes. We have to "help to create it, from the popular bases, with the participation of the communities, through the community organizations, the cooperatives, self-management and different ways to create this system." The occasion was the creation of a new institution—the Empresas de Producción Social (EPS). Drawn from a number of sources—existing cooperatives (pledged to commit themselves to the community rather than only collective self-interest), smaller state enterprises, and private firms anxious to obtain access to state business and favorable credit terms—these new enterprises of social production were to be committed both to serving community needs and also to incorporating worker participation.

In 2006, a new building block was added: the communal councils (based upon 200-400 families in existing urban neighborhoods and 20-50 in the rural areas). These were established to diagnose democratically community needs and priorities. With the shift of substantial resources from municipal levels to the community level, the support of new communal banks for local projects, and a size which permits the general assembly rather than elected representatives to be the supreme decision-making body, the councils have been envisioned as a basis not only for the transformation of people in the course of changing circumstances but also for productive activity which really is based upon communal needs and communal purposes.

With Chávez's re-election in December 2006 on the explicit theme of building a new socialism, these new councils have been identified as the fundamental cell of Bolivarian socialism and the basis for a new state. "All power to the communal councils!" Chávez declared. An "explosion in communal power" has been designated as the fifth of the "five motors" driving toward socialism. The logic is one of a profound decentralization of decision-making and power; and, as with the third motor, "Moral y Luces" (Morality and Enlightenment) a major educational and ideological campaign, the consistent theme is the stress upon revolutionary practice in order to build socialism.* Citing Marx and Che Guevera, Chávez has

* The other three motors so far identified are the enabling law, which will allow Chávez to bypass the legislature in specific areas for a given time period; constitutional change; and a change in the geometry (i.e., political subdivisions) of the country.

insisted (*Aló Presidente*, no. 279, March 27, 2007) that it is only through practice that new socialist human beings produce themselves.

The kind of practice required is not that which is based upon self-interest (the "infection," the virus inherited from capitalism) and on production for the purpose of exchange. Rather, what is essential is practice in producing directly for society's needs and building communal solidarity. In this respect, the third motor of ideological struggle, and the democratic transformative practices embodied in the fifth motor's explosion of communal power, can be viewed as two sides of the same coin and requiring each other. Without the side of ideological struggle, the focus upon needs becomes a struggle for old needs, the values generated within capitalist society; and without transformative democratic practices, the ideological appeals alone lead ultimately to a combination of commandism and cynicism.

Socialist practice, though, is not to be conceived as only occurring within communities. Since his re-election, Chávez has stressed what he calls "the elementary triangle" of socialism: units of social property, social production, and satisfaction of the needs of communities. Will capitalism provide boots for poor children? Capitalism, he has noted, says the market will solve this, but in socialism we can plan to produce these directly for the children who need good boots. Chávez, thus, has taken a further step: while continuing to stress the importance of worker participation, he argues that it is not *sufficient*; it is necessary, for example, to guide cooperatives to move increasingly to become units of social property and to produce directly for communal needs.

This emphasis upon the "elementary triangle" also reflects an explicit self-criticism, a criticism of the government's missteps in dealing with recovered factories and in developing the companies of social production (EPS). We made errors, Chávez noted—the new forms did not go beyond capitalism. Thus, the new stress is not only upon social production but also social *property*. And the guarantor of social property (i.e., property of the society) must be the state—"the Social State, not the bourgeois state, not the capitalist state" (*Aló Presidente*, no. 264, January 28, 2007).

There can be little doubt that a battle of ideas against capitalism and for the creation of a new socialism with new values is well underway. Not only is there the growing articulation of characteristics of socialism for the twenty-first century but also the development of a mass consciousness—spread through Chávez's televised speeches and the new ideological campaign. Of course, as indicated above, "the *idea* of this

socialism cannot displace real capitalism."

Using Political Supremacy to Build New Productive Relations

More than a battle of ideas, though, is taking place in Venezuela. In addition to the expansion of state sectors in oil and basic industry, the new era beginning in 2007 already has been marked by the nationalization of strategic sectors such as communications, electric power, and the recovery of the dominant position for the state in the heavy oil fields where multinational firms had previously prevailed. Further, the offensive against the latifundia has resumed with several recent land seizures. New state companies (including joint ventures with state firms from countries such as Iran) intended to produce means of production like tractors have been created.

Much more, however, needs to be done: if the Venezuelan economy is to be transformed and freed from its dependence upon oil, new productive sectors (in agriculture and industry) and a new infrastructure that can open vast parts of the interior of the country must be developed. The resources are there, and so is a working class either largely unemployed or in the informal sector by default (i.e., part of the reserve army of labor). If the Bolivarian Revolution is serious about pursuing the process of extensive development, though, an inevitable tendency will be to plan and administer this process from above through the state.

But, where will self-management, co-management, and worker management—"forms of association guided by the values of mutual cooperation and solidarity"—fit in? In fact, the experience in the state sector has not been encouraging: with the exception of the aluminum firm ALCASA and the electrical distribution firm in the Andes (CADELA), worker management in the state sector has been thwarted and has moved backward in what are called "strategic" state industries (especially PDVSA itself). Rather than a process in which workers have been transforming themselves in production through self-management, they have been dominated from the top through the hierarchical patterns characteristic of state capitalist and statist firms. And these reversals have demoralized militant workers, confining them to the adversarial role that they play in capitalism. All the self-oriented tendencies of the old society (which in Venezuela means the struggle to capture rents) are reinforced.

The promise now is that this pattern will *change*—that the motor of Moral y Luces will involve both ideological education and training for worker management in all enterprises (through a transforming of the workday to include education) and that workers' councils will be

legislated in all enterprises not only to take on more and more functions of management but also to be oriented toward communal needs. Certainly, these themes are exciting: clear moves toward democratic, participatory, and protagonistic production are essential if people are not to remain the fragmented, crippled human beings that capitalism produces. Yet, the gap between promises from the top and the realization of promises in practice is often very significant in Venezuela; and, in this particular case, experience to date indicates that there is considerable resistance from managers and ministers to this loss of control from above.

Unfortunately, to counter this problem and to make those promises real, there is no unified collective subject making demands from below for workers' control. Not only is the organized working class outside of state administration small (given the pattern of economic development and neoliberalism over the last half century), but intense factional struggles within the Chavist labor movement (UNT) have effectively crippled the organized working class as a major actor for now.

Who, then, are the subjects of this revolutionary process? Attention has turned to developments in the communities, to building the new communal councils, linking them and stressing their potential to organize the process of satisfying the needs of communities. For, certainly, there *are* active subjects within the communities—people who have developed individually and collectively through their struggles and continue to do so.

But, what kind of socialism rests upon communities and communal needs rather than upon the character of relations within the workplace? Do communal relations displace productive relations in this new socialism for the twenty-first century? Does the system of needs dominate the system of labors here?

One should not exclude this idea *by definition*. Certainly, in capitalism, in the statism of the Soviet Union, and also in the self-managed enterprises of Yugoslavia, the goals of those within the sphere of production drove the system and dominated it. Perhaps, then, the "primacy of needs" that Mészáros (*Beyond Capital: Towards a Theory of Transition*, 1995, 835) identifies is the appropriate lever with which to move the world in the direction of socialism for the twenty-first century.

Yet, while the focus upon communal councils and communal needs provides an obvious contrast to the production-orientation of the past, the difference may be more apparent than real. Why not think of this process as the emergence of a new social relation—the development of a

relation of solidarity among the collective producers? Remember that merchant capital and money-lending capital emerged as a social relation before capital invaded the process of production. Why, then, could not self-conscious collective workers (i.e., producers conscious of their unity) emerge as the social relation that could ultimately dominate the sphere of production? Certainly, the concept of associated producers has *always* been envisioned as the socialist relation of production. Never precisely clear, though, is how this new relation emerges—or, more accurately, what are the *ways* in which it develops?

Once we think about the communal councils as sites where people produce not only solutions to their needs but also produce themselves as collective workers for themselves, then it is possible to see a definite link between the explosion of communal power and Moral y Luces and the other major campaign of this moment—the creation of the new unified socialist party. In *Build it Now*, I argued the need for a party from below that can continue the process of revolutionary democracy essential to building this new type of socialism. Few (including the writer) were prepared, though, for the scope of Chávez's announcement shortly after his December 2006 re-election that the new party would not unify the existing Chavist parties but, rather, would be something entirely different—a party built from the base, starting from communities and neighborhoods, the most democratic in Venezuelan history.

Certainly, the democratic character of the party-building process now underway goes well beyond expectations. Although the numbers signing up to join the new party at booths around the country may fall short of the four million some hoped for, this new party of socialism will be the largest party ever created in Venezuela (and a far cry from the cadre party demanded by assorted dinosaurs on the old left). Once consolidated in groups of 200, their spokespersons are to begin in August a three-month process of developing the party program (with constant consultation with their groups); and a referendum of all members on December 2 would vote on that program. Not until mid-2008 would the party leadership be determined. What will that new leadership look like? Chávez's hope clearly is that it will incorporate the natural leaders of the communities. "The new party," he said in December, "cannot be the sum of old faces. That would be a deceit."

The explosion of communal power and the process of building this new party have much in common. Both are mobilizing large numbers of people and have a common enemy in the clientalism and corruption which continue to infect the Fifth Republic; both potentially challenge

those people in party and state for whom development of the capabilities and capacities of the masses is not as compelling as the desire for the accumulation of power and comfort for their families; and both reflect the link between Chávez and the masses, a dialectic in which Chávez openly calls upon people to take power ("the multitude, the multitude!") and is in turn driven forward by the needs and demands of the people themselves.

But, what about socialist productive relations? To the degree that the two motors and the building of the unified socialist party of Venezuela (provisionally designated the PSUV) are successful in building the capabilities and capacities of the masses and strengthening a new social relation of collective producers, the invasion of the sphere of production by this relation is inevitable: the same people who are transforming themselves "into the object *and the subject* of power" in their communities are not likely to settle for less in their workplaces or in decisions in society as a whole. In fact, the process is already beginning—with the linking of communal councils with both local cooperatives and state enterprises in order to direct production to meet local needs. To the extent that workers' councils and communal councils begin coordinating their activity, the collective producers will be well on their way to seizing possession of production.

However, the success of this process is not at all inevitable. There are, as there have always been within the Bolivarian Revolution, powerful tendencies that point in the opposite direction. Not only the strong inclination of government ministers and managers in important state sectors to plan and direct everything from above (a pattern which has successfully crippled independent workers' movements) and not only the continuing culture of corruption and clientalism which can be the basis for the emergence of a new oligarchy. There is also a very clear tendency which supports the growth of a domestic capitalist class as one leg upon which the Bolivarian Revolution must walk for the foreseeable future.

No Chavists these days, of course, openly argue that socialism for the twenty-first century should *depend* upon capital. Rather, all insist that the process at this point requires the Bolivarian Revolution to tame private capital through "socialist conditionality"—i.e., by establishing new ground rules as conditions under which private capital can serve the revolution. In its best versions, this may be seen as a process of transition, that process of making "despotic inroads" and wresting, "by degrees, all capital from the bourgeoisie." Certainly, measures such as opening the books, imposing workers' councils with power, demanding

accountability to communal councils, and transforming the workday by introducing education for worker management introduce an alien logic into capitalism—the logic of new socialist productive relations within capitalist firms.

However, the lack of clarity as to the nature of those ground rules means that mixed signals are being sent out. The "realistic" message that Venezuela is likely to have a "mixed economy" for a long time, that there is a place for private capital in the Bolivarian Revolution, and that a sufficient condition for access to state business and state credit is a commitment by capital to the interests of communities and workers has brought with it the formation of organizations such as Conseven, the "Confederation of Socialist Industrialists," and other private capitalist organizations busily defining private capital as socialist property. "Productive socialism," it is being said in meetings of "Chavist" capitalists around the country, requires private capitalists as part of the socialist model.

In this case, rather than the "elementary triangle" of socialism (units of social property, organized by workers through social production, for the satisfaction of communal needs), what is strengthened is the capitalist triangle: private ownership of the means of production, exploitation of wage laborers, for the purpose of profits. However lofty the language of social responsibility, the pursuit of profits dominates: commitment to the community becomes, effectively, a tax, and worker participation becomes shares in the company to induce workers to commit themselves to producing profits. As may be seen from the disappointing experience of the EPS (which has followed this pattern), capital accepts these constraints as conditions in order to ensure its right to exploit and generate profits until it is strong enough itself to impose *capitalist* conditionality.

The Bolivarian Revolution, like all revolutionary processes, produces its own potential gravediggers. To the extent that it fosters the infection of the logic of capital, the Bolivarian Revolution does not walk on two legs but, rather, has one leg walking backward. When we acknowledge that this tendency is flourishing within the process and add it to the continuing pattern of clientalism and corruption, the remaining enclaves of old capitalist power (in banking, import-processing, land-ownership, and the media), and the constant presence and threat of U.S. imperialism, it is obvious that there are formidable barriers to the struggle for socialism in Venezuela.

And, yet, it moves. The Bolivarian Revolution has driven beyond the

barriers constantly placed before it (and has itself developed qualitatively in the process) precisely because of its dialectic between leadership and the movement of masses. That is why the development of the collective worker through the explosion of communal power, the ideological campaign of Moral y Luces, and the mobilization of a new party from below are essential for the next steps. The support of masses and the continued willingness of the Bolivarian leadership to move in rather than give in when capital goes on strike (as it inevitably does) drives the revolution forward. As the response to the recent attempt by capital to challenge price controls on food (through manufactured shortages and sales above ceiling prices) reveals, the dialectic of leadership and movement from below ensures the deepening of this process—if you see the supermarkets speculating, came the word from the government, the communal councils should take them over and run them.

Going Beyond Fairness

What about the other new Latin American left governments? Are they attacking capitalism as such? In some cases, there appears to be no struggle at all. The Really Good Left is one that *behaves.* But where there are indications of conflict, how do we distinguish between a struggle for a new economic system and the struggle for *fairness*?

Those who defend the actions of other Latin American governments often stress the correlation of forces preventing them (for the moment) from making the despotic inroads against capital that they otherwise would pursue. It is not an argument that can be dismissed a priori. There may indeed be conditions which require a government to move slowly. Yet, the central question has never been about pace but *direction.* Are the actions undertaken those which help to reveal the nature of capital, attack it ideologically, and mobilize the working classes—increasing their capacities and powers? Or, do they discipline and demobilize social movements, mystify capital through lack of transparency, and use the state to enforce on behalf of capital (rather than use the state to make those inroads—however "economically insufficient and untenable" they may appear)?

The issue, in short, is *not* whether these governments begin by struggling for fairness. Recall that the Bolivarian Revolution began as a Good Left (although one with a bit of an attitude). And, while its initial reforms did not go beyond capitalism, they nevertheless set in motion very substantial changes. This is a phenomenon familiar in chaos theory—slight changes in initial conditions can produce dramatic results.

What produced those results? Partly it was the persistence of dismal

poverty, inequality, high unemployment, and exclusion which characterizes many Latin American countries and indeed countries around the world. Partly it was the arrogance of the privileged and parasitic oligarchy—again not unique to Venezuela. What revealed the *fragility* of these initial conditions and determined the trajectory of the Bolivarian Revolution was the nature of the struggle to change things—a struggle which, even though bourgeois-democratic in its social content, was revolutionary; it was revolutionary because it combined masses prepared to struggle and a leadership which urged the masses forward.

In a relatively short time, the Bolivarian Revolution has come a long way. It still faces many problems, and its success will only occur as the result of struggle—not only a struggle against U.S. imperialism, the champion of barbarism around the world, which is threatened by any suggestion that there is an alternative to its rule; and, not only against the domestic oligarchy with its capitalist enclaves in the mass media, banks, processing sectors, and the latifundia. The really difficult struggle, I've argued, is within the Bolivarian Revolution itself—in the divergence between a would-be new Bolivarian oligarchy and the masses of excluded and exploited.

These are struggles that all Latin America faces. As I concluded in *Build it Now*, "every place these struggles proceed, though, will make it easier for those who have gone before and those yet to come." Venezuela's lesson needs to be understood and communicated widely: its focus upon human development and revolutionary practice, its missions in education and health, and its creation of communal councils as the basis for a revolutionary democratic state cannot help but inspire masses elsewhere and create the condition for a revolutionary leadership to emerge. The real lesson of the Bolivarian Revolution, though, is what can happen when there is a dialectic of masses which understand that there is an alternative and a revolutionary leadership prepared to move in rather than give in.

Some will call that populism. But, I call it the *really* Bad Left.



"I don't see why we have to let a country go Marxist," Kissinger told a 40 Committee meeting about Chile on June 27, 1970 "just because its people are irresponsible."

—Roger Morris, *Uncertain Greatness: Henry Kissinger and American ForeignPolicy* (New York: Harper and Row, 1977), 241

Bolívar and Chávez

The Spirit of Radical Determination

ISTVÁN MÉSZÁROS

1. 'Feathers Carried by the Tempest'

In the summer of 2005 Venezuela commemorated the bicentenary of Simón Bolívar's oath, made in the presence of his great teacher, Simón Rodríguez—a man who later in Paris, well before Marx, frequented socialist secret societies and returned to South America only in 1823. Bolívar's oath took place on August 15, 1805, on the outskirts of Rome. Already the place itself—the hill of Monte Sacro—which they had chosen together for this solemn occasion, was indicative of the nature of the young Bolívar's historical pledge. For precisely on the hill of Monte Sacro, twentythree centuries earlier, the rebellious protest of the plebeians against the patricians in Ancient Rome, under the leadership of Sicinio, was supposed to have taken place. At that time the rebellion of the Roman populace is said to have been brought to an end by the rhetoric of that notorious pillar of the established order, Senator Menenius Agrippa, who was preaching the forever familiar wisdom of the ruling classes according to which the people "not destined to rule" should willingly accept "*their place* in the *natural order* of society."

In firm defiance of the resignatory wisdom that emanates from the success-fully imposed iniquitous relations of power everywhere, the young Bolívar expressed his determination on Monte Sacro to dedicate his life to a struggle for victory over colonial domination in his part of the world. These were his words: "I swear before you; I swear by the god of my fathers; I swear by my ancestors; I swear by my honour and I swear by my homeland that I will not allow my arm to rest, nor my soul to repose, until we have broken the chains which oppress us by the will of Spanish power."[1]

Bolívar never wavered in his radical determination as expressed in his oath, not even under the most adverse circumstances. The years ahead made him realize that fundamental changes had to be made not only in

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the international political and military power relations but, more profoundly, in the existing social order if the project of putting an end to colonial rule was to succeed. Such radical social changes included the liberation of the slaves to which his own class was vehemently opposed. Even his beloved sister considered him "crazy," because of his unyielding insistence on *equality.*

Bolívar called equality *"the law of laws,"* adding that "without equality all freedoms, all rights perish. For it we must make sacrifices."[2] All this he professed in a truly uncompromising sense. And to prove with deeds the validity of his own deeply held principles and beliefs, he did not hesitate for a moment to free all of the slaves of his own estates, in his resolve to give as broad a social base as possible to the struggle for a complete and irreversible emancipation from deeply entrenched colonial rule. In his magnificent address to the Congress of Angostura, in February 1819, he singled out the liberation of the slaves as the most vital of all of his own orders and decrees, saying that, "I leave it to your sovereign decision to reform or revoke all of the statutes and decrees enacted by me; but I plead with you to confirm the *absolute liberty of the slaves,* as I would plead for my life and for the life of the Republic."[3]

This he did several decades before the vital human issue of the emancipation of the slaves could be raised and partially settled in North America. For the Founding Fathers of the U.S. Constitution never had half a concern in their mind, and even less in their heart, for putting an end to the inhuman system of slavery of which they were themselves direct beneficiaries. The terrible legacy of this fateful omission continued to assert itself in different forms for centuries, manifesting in a most tragic way even in our own days, as we could witness it in New Orleans in the wake of Hurricane Katrina.

As a necessary counterweight not only to the "Holy Alliance," which included also Spain, but even more importantly, to the growing imperial ambitions of the United States of North America, Bolívar tried to constitute a lasting Confederation of the Latin American nations. Not surprisingly, however, his efforts directed toward that end were not only frustrated but totally nullified by the ever more powerful country of the North and its allies.

Showing great insight into the prevailing trend of historical development, reaching down to our own times, Bolívar was in the end forced to conclude that *"the United States of North America seem to be destined by providence to condemn America to misery in the name of*

Liberty."[4] As we all know, George W. Bush's speeches—irrespective of who writes them—are peppered with the unctuously recited word "liberty." All that has changed since Simón Bolívar's days is that today the United States of North America claims to be destined by divine providence itself to treat as they please, "in the name of liberty," not only South America but the entire world, employing even the most violent means of military aggression against those who dare to oppose their global imperial design.

Even the Anglican Bishops rejected, in a document made public on September 19, 2005, such presumption of righteousness and providential destiny as the orienting principle of U.S. foreign policy, although they—understandably but wrongly—attributed it to the influence of Christian fundamentalism. Understandably, because on that basis they could utter *ex officio* an authoritative condemnation of a "theologically misconceived" position. But wrongly, because this foreign policy orientation of the U.S. ruling classes goes back in history all the way to Simón Bolívar's days, if not earlier. And those who like to ascribe it simply to George W. Bush's Republican Party would be well advised to remember that it was Democratic president Bill Clinton who arrogantly declared while holding office, in full unison with his government, from Secretary of State Madeleine Albright (who kept repeating the Clintonian mantra) to Labor Secretary Robert B. Reich,[5] that there was *"only one necessary nation: the United States of America."* On that count, as proclaimed by no less a governmental figure than twiceelected President Clinton, the other nations should be condemned by the "one and only necessary nation" for their totally unacceptable aspirations to sovereign decision making, without the slightest concern for democracy and liberty, as guilty of *"ethnic pandaemonium"* in the words of Senior Democratic Senator Daniel Patrick Moynihan.[6]

Bolívar's "law of laws," legal equality, was considered by him absolutely indispensable for the constitution of a society that would be politically sustainable against the powers that internally tended to disrupt its potential development, and tried to violate and even to nullify its sovereignty in its international relations. Moreover, he insisted that "physical inequality" must be counteracted unfailingly under all circumstances, because it is an "injustice of nature." And he was realistic enough to admit that legal equality could not do the job of correcting physical inequality beyond a certain extent and in a limited way.[7] Not even when the legal measures introduced by the legislators were of a fundamental social significance, as indeed his liberation of the slaves

happened to be.

What was necessarily required in order to make the given social order truly viable was the transformation of the whole fabric of society far beyond even such measures as the legal emancipation of the slaves. Not surprisingly, therefore, in his groping towards the required solutions for which the historical time had not yet arrived, Bolívar encountered great hostility even in the Latin American countries to which he rendered unequalled services, acknowledged by the unique title of *El Libertador* with which he was honored at the time. Thus, outrageous as it must sound to us today, he had to spend his final days in tragic isolation.

As to his adversaries in the United States of North America, who felt threatened by the spread of his enlightened conception of equality—both internally and in the conduct of interstate relations—they did not hesitate to condemn and dismiss him as *"the dangerous madman of the South."*[8]

With a great *sense of proportion:* a virtue absolutely vital for everyone, and especially for all major political figures who have the privilege, in our societies, of making decisions which deeply affect the life of countless people, Bolívar said about himself that he was *"a feather carried by the tempest."* This kind of assessment of one's role in society could not be more alien to the apologists of the established social and political order who would like to render impossible the institution of any significant change, whether it is brought about by social tempests or even by slow degrees, despite the lip service paid at times to the latter. Moreover, such people are invariably engaged in the futile task of trying to *undo* the changes that have already asserted themselves in the course of historical development. Thus they continue to deny that there can be deepseated real *causes* behind the erupting social and political tempests that carry on their wings, as Bolivarian "feathers," the political figures who insist, with radical passion, on the necessity of fundamental social changes. And when our incurable apologists cannot altogether close their eyes to the fact of the periodic eruption of social tempests, they prefer to conveniently attribute them to *"irrationality,"* to the "acceptance by the mob of *mindless populism,"* and the like, pretending to give thereby a rational answer to the challenge they are supposed to face while in fact running away from the problem itself. They have to do that because they have absolutely no sense of proportion; nor could they ever acquire it.

In this spirit the broadly distributed weekly, the *Economist,* refuses to give any meaning at all to the expression "Bolivarian Revolution," despite the fact that the political leadership of Venezuela, in conjunction

with its consistent references to the unfinished project of Simón Bolívar's age, is engaged in setting in motion a farreaching transformation of the country. Indeed, it is a transformation which continues to reverberate across the continent and generate significant rejoinders also in other parts of Latin America. With a deliberately insulting intent *The Economist* puts always in sarcastic inverted commas the word "Bolivarian"—as if anything Bolivarian should be considered self-evidently absurd—in place of seriously addressing the issues themselves which it wishfully tries to dismiss without any argument. The inverted commas are supposed to do the job of refutation, in the form of an aprioristic disqualification of the ongoing developments in South America, pretending to provide in this peculiar fashion an irrefutable proof. However, the only thing the editors of the *Economist* can prove by the painfully repetitive use of their sarcastic inverted commas is their own venomous mindlessness. Being totally subservient to the interests of the U.S. ruling circles, as the self-appointed propagandists of the annual Economic Summit ritual held in Davos, they seem to think even today that Bolívar was nothing more than a *"dangerous madman of the South."* In the same spirit in which they try to characterize (and peremptorily dismiss) also those who are determined to bring his project up-to-date.

Yet, the truth of the matter is that lasting radical achievements can only be built, *cumulatively* and in a consciously sustained way, on the meaningful appropriation of the progressive tradition which preceded the ongoing attempts and kept pointing in the same direction, despite all adversity. Neither the nature of what can be really built upon, and thereby positively appropriated, nor the long-term overall direction of humanity's historical development itself can be chosen arbitrarily. Our social universe is overburdened with immense problems, both as regards the ever intensifying explosive inequalities inherited from the past and the increasingly untenable encroachement of capital's mode of social metabolic reproduction on nature, threatening us with ecological disaster. These are the reasons why the conservative and reactionary attempts to *reverse* the direction of historical time are in the end condemned to failure, in that they are *structurally incapable* of producing cumulative achievements, whatever the successes which they can temporarily impose on society—due to the prevailing but ever more *unstable* relations of power which bring to the fore more and more repressive forms of control even in formerly democratic countries—at the cost of great suffering inflicted upon hundreds of millions of people. Neither evasion nor intensified repression can do their intended job indefinitely. For both of

them are *prodigally and catastrophically wasteful* in the longer run. The tremendous problems of our social universe must be confronted sooner or later in their *substantive* dimensions, as opposed to the *formal camouflage of democracy and liberty* which we are all familiar with.

As we know only too well, the historical tempests which carry feathers like Simón Bolívar can temporarily die down without fulfilling their original promise. The objectives set by even the most distinguished historical figures can be realized only when their time truly arrives both in an objective and in a subjective sense. Despite his tragic isolation in the end, Bolívar's contribution to solving some of the greatest challenges of his time, and in a well identifiable sense also of ours, is monumental, as was that of José Martí in Cuba who followed in his footsteps. We cannot succeed without consciously building on the legacy they have bequeathed to us as a task for the future, redefined in the present in accordance with the prevailing circumstances. In his appeals to the people on some vital occasions Bolívar had put into relief his conviction that "The day of America has arrived and no human power can delay nature's course guided by the hand of Providence."[9] Toward the end of his life he was forced to concede that, tragically, the day of America, as he had envisaged it before, had not yet arrived.

The principal impediment in this respect was the sharp contrast between the political unity of the Latin American countries advocated by Bolívar and the deeply adversarial/conflictual constituents of their social microcosms. Given the fact that their social microcosms were torn by internal antagonisms, even the noblest and most eloquent appeals to political unity could work only while the menace presented by the Spanish colonial adversary was acute. But by itself such menace could not remedy the internal contradictions of the given social microcosms. Nor could the situation be radically altered by Bolívar's farsighted identification of the new danger quoted above. Namely, that "the United States of North America seem to be destined by providence to condemn America to misery in the name of Liberty." A danger even more strongly underlined, in the same spirit, by José Martí sixty years later.[10] Both were as realistic in their diagnoses of the dangers as they were generous in advocating an ideal solution to humanity's grave problems. Bolívar proposed bringing all nations of humanity harmoniously together by making the isthmus of Panama the capital of our globe, in the same way "as Constantine wanted to make Bisantium the capital of the antique hemisphere,"[11] and Martí when he insisted that "patria es humanidad," humanity is our homeland.

But when these ideals were formulated historical time still pointed in the opposite direction: towards the frightful intensification of the social antagonisms and the horrendous blood-letting of two world wars arising from those antagonisms. Moreover, the concomitant threat in our days is even greater than ever before. Indeed, it is *qualitatively* greater, because today nothing less than the very survival of humanity is at stake. Naturally, that does not make the long advocated ideals themselves obsolete. Quite the contrary, it can only underline their growing urgency. Nevertheless, it remains as true today as it was in Bolívar's time that one cannot envisage the sustainable functioning of humanity's social *macrocosm* without overcoming the internal antagonisms of its *microcosms:* the adversarial/conflictual constitutive cells of our society under capital's mode of social metabolic control. For a cohesive and socially viable macrocosm is conceivable only on the basis of the corresponding and humanly rewarding constitutive cells of interpersonal relations.

Today the historical circumstances are fundamentally different from the time of Bolívar's triumphs and ultimate tragic defeat. They are different in that the intervening social and historical development has put on the agenda the realization of the once denied objectives in a twofold sense. First, by opening up the *possibility* of instituting a potentially harmonious macrocosm on a *global* scale, beyond the devastating conflicts of past interstate confrontations which had to culminate in the ravages of imperialism. It is this possibility which the World Social Forum is trying to stress in its recurrent appeal: "Another world is possible." The second aspect of the same proposition is inseparable from the first, removing the vagueness of all talk confined to *possibility* alone. For if the possibility in question does not indicate a degree of *probability and necessity,* it cannot mean anything at all. In our present context the advocated cohesive and glob-ally sustainable social macrocosm—in sharp contrast to all wishfully promoted but unrealizable capitalist propaganda about neo-liberal "globalization"—is inconceivable without theoretically defining and practically articulating the constitutive cells of social interchange in a *genuine socialist way.*

This is how *possibility* and *necessity* are combined in a dialectical unity in our present day, historically specific, social universe. *Possibility,* because without over-coming the structural determinations of capital's irreconcilable antagonisms—for which the socialist project had arisen in the course of humanity's historical development—it is quite futile even to dream about instituting a globally sustainable social universe. And

necessity—not some kind of mechanistic fatality but a literally vital and irrepressible need—because the annihilation of humankind is our destiny if in the course of the coming few decades we do not succeed in *totally eradicating capital* from our established mode of social metabolic reproduction. The principal lesson of the Soviet implosion is that we can only expect capitalist restoration if defining socialism in terms of the over-throw of the capitalist state is substituted for the much more fundamental and difficult task of eradicating capital from our entire social order.

It is quite impossible to be engaged today in the great historic task of capital's eradication, positively oriented toward a sustainable future, without activating the full resources of the spirit of *radical determination,* in tune with the requirements of our age, as Bolívar did it the way he could under the circumstances of his own time. It is indeed true that the time has actually arrived for the realization of the Bolivarian objectives in their broadest perspective, as President Chávez has been advocating them for some time. This is why capital's propagandists who use the term *Bolivarian project* in sarcastic inverted commas can only make fools of themselves. *Historical continuity* does not mean mechanical repetition but *creative renewal* in the deepest sense of the term. Thus, saying that the time has arrived for the realization of the Bolivarian objectives, in the spirit in which they must be brought up to date under our own historical conditions, with all their intensifying urgency and clearly identifiable significance also for the rest of the world, means precisely that a *socialist* sense must be given to the evisaged radical transformations, if we really care about instituting them. The major speeches and interviews of President Chávez—in which he puts into relief the dramatic alternative of *"socialism or barbarism"*—make all this very clear today.[12]

The task of radical renewal is by no means confined to Latin America. The social and political movements of the European left, as well as of North America, are also in need of a major reassessment of their past and present strategies, in view of their painful defeats in the last few decades. The clearly identifiable social and political ferment in Latin America, going back to the time of the Cuban revolution and manifest across decades in many different parts of that continent, not least in Venezuela, has much to say about the fundamental question of "what is to be done?" Precisely for that reason we must open our eyes to and express our solidarity with the creative renewal of the Bolivarian tradition in Venezuela in the last two decades. Unfortunately, far too little is

known about the recent past of this movement outside Latin America, despite the direct relevance of some of its main tenets for all of us. Thus, before turning to the question of our present day prospects of development, in the final section of this article, I reprint in the next section, without any change, what I wrote in 1993 on the Bolivarian project, five years before the watershed presidential elections in Venezuela,[13] and published in the Autumn of 1995 in chapter 18 of *Beyond Capital*, "Historical Actuality of the Socialist Offensive."[14]

2. Radical Critique of Politics by Hugo Chávez in 1993

The critique of the parliamentary system from a radical perspective did not begin with Marx. We find it powerfully expressed already in the eighteenth century in Rousseau's writings. Starting from the position that sovereignty belongs to the people and there-fore it cannot be rightfully alienated, Rousseau also argued that for the same reasons it cannot be legitimately turned into any form of representational abdication:

> The deputies of the people, therefore, are not and cannot be its representatives; they are merely its stewards, and can carry through no definitive acts. Every law the people has not ratified in person is null and void—is, in fact, not a law. The people of England regards itself as free; but it is grossly mistaken; it is free only during the election of members of parliament. As soon as they are elected, slavery overtakes it, and it is nothing. The use it makes of the short moments of liberty it enjoys shows indeed that it deserves to lose them.[15]

At the same time Rousseau also made the important point that although the power of legislation cannot be divorced from the people even through parliamentary representation, the administrative or "executive" functions must be considered in a very different light. As he had put it, "in the exercise of the legislative power, the people cannot be represented; but in that of the executive power, which is only the force that is applied to give the law effect, it both can and should be represented."[16]

In this way Rousseau, who has been systematically misrepresented and abused by "democratic" ideologues even of the "socialist jet-set" because he insisted that "*liberty cannot exist without equality*"[17]—which therefore ruled out even the best feasible form of representation as necessarily discriminatory/iniquitous hierarchy—had put forward a much more practicable exercise of political and administrative power than what he is usually credited with or indeed is accused of doing. Significantly, in this process of tendentious misrepresentation, both of the vitally

important principles of Rousseau's theory, usable in a suitably adapted form also by socialists, have been disqualified and thrown overboard. Yet the truth of the matter is that, on the one hand, the power of fundamental decision-making should never be divorced from the popular masses. The veritable horror story of the Soviet state system, run against the people by the Stalinist bureaucracy in the name of socialism in the most authoritarian fashion, conclusively demonstrated this. At the same time, on the other hand, the fulfilment of specific administrative and executive functions in all domains of the social reproductive process can indeed be *delegated* to members of the given community, provided that it is done under rules autonomously set by and properly controlled at all stages of the substantive decision-making process by the associated producers.

Thus the difficulties do not reside in the two basic principles themselves as formulated by Rousseau but in the way in which they must be related to capital's material and political control of the social metabolic process. For the establishment of a socialist form of decision making, in accordance with the principles of both inalienable rule-determining power (i.e., the "sovereignty" of labor not as a particular class but as the universal condition of society) and delegating specific roles and functions under well defined, flexibly distributed, and appropriately supervised rules would require entering and radically restructuring capital's antagonistic material domains. This is a process which would have to go well beyond what could be successfully regulated by considerations derived from Rousseau's principle of inalienable popular sovereignty and its delegatory corollary. In other words, in a socialist order the "legislative" process would have to be fused with the production process itself in such a way that the necessary *horizontal division of labor*—discussed in chapter 14 of *Beyond Capital*—should be complemented by a system of self-determined *co-ordination* of labor, from the local to the global levels.

This relationship is in sharp contrast to capital's pernicious *vertical division of labor*, which is complemented by the "separation of powers" in an alienated and on the laboring masses unalterably superimposed "democratic political system." For the vertical division of labor under the rule of capital necessarily affects and incurably infects every facet also of the horizontal division of labor, form the simplest productive functions to the most complicated balancing processes of the legislative jungle. The latter is an ever denser legislative jungle not only because its endlessly multiplying rules and institutional constituents must play their

vital part in keeping firmly under control the actually or potentially challenging behavior of labor, watchful over limited labor disputes as well as safeguarding capital's overall rule in society at large. Also, they must somehow reconcile at any particular temporal slice of the unfolding historical process—to the extent to which such reconciliation is feasible at all—the separate interests of the plurality of capitals with the uncontrollable dynamics of the totality of social capital tending toward its ultimate self-assertion as a global entity.

In a recent rejoinder with Rousseau's critique of parliamentary representation, Hugo Chávez Frias, the leader of a radical movement in Venezuela—the *Movimiento Bolivariano Revolucionário* (MBR-200)—writes in response to the chronic crisis of the country's sociopolitical system:

> With the appearance of the populist parties the suffrage was converted into a tool for putting to sleep in order to enslave the Venezuelan people in the name of democracy. For decades the populist parties based their discourse on innumerable paternalistic promises devised to melt away popular consciousness. The alienating political lies painted the "promised land" to be reached via a rose garden. The only thing the Venezuelans had to do was to go to the electoral urns, and hope that everything will be solved without the minimal popular effort....Thus the act of vote was transformed into the beginning and the end of democracy.[18]

The author of these lines stands the second highest in popular esteem in Venezuela (second only to Rafael Caldera) among all public figures, embracing all walks of life, way above all aspiring party politicians. Thus he could easily win high public office if he so wanted, which refutes the usual argument that people who criticize the existing political system only do so because they are unable to meet the arduous requirements of democratic elections. As a matter of fact Hugo Chávez at the time of writing (in 1993) rejects the "siren song" of political opinion formers—who try to pacify people by saying that there is no need to worry about the crisis because there is "only a little time" to go to the new elections—for very different reasons. He points out that while the usual political advice calls for "a little more patience" until the election scheduled a few months ahead, "every minute hundreds of children are born in Venezuela whose health is endangered for lack of food and medicine, while billions are stolen from the national wealth, and in the end what remains of the country is bled dry. There is no reason why one should give any credence to a political class which demonstrated towards society that it has no will at all to institute change."[19] For this reason

Chávez counterposes to the existing system of parliamentary representation the idea that "The sovereign people must transform itself into the object *and the subject* of power. This option is not negotiable for revolutionaries."[20] As to the institutional framework in which this principle should be realized, he projects that in the course of radical change,

> Federal state electoral power will become the political-juridical component through which the citizens will be depositories of popular sovereignty whose exercise will thereafter really remain in the hands of the people. Electoral power will be extended over the entire sociopolitical system of the nation, establishing the channels for a veritable polycentric distribution of power, displacing power from the centre towards the periphery, increasing the effective power of decision making and the autonomy of the particular communities and municipalities. The Electoral Assemblies of each municipality and state will elect Electoral Councils which will possess a permanent character and will function in absolute independence from the political parties. They will be able to establish and direct the most diverse mechanisms of Direct Democracy: popular assemblies, referenda, plebiscites, popular initiatives, vetoes, revocation, etc....Thus the concept of *participatory* democracy will be changed into a form in which democracy based on popular sovereignty constitutes itself as the *protagonist* of power. It is precisely at such borders that we must draw the limits of advance of Bolivarian democracy. Then we shall be very near to the territory of *utopia*.[21]

Whether such ideas can be turned into reality or remain utopian ideals cannot be decided within the confines of the political sphere. For the latter is itself in need of the type of radical transformation which foreshadows from the outset the perspective of the "withering away of the state." In Venezuela, where in many parts of the country as much as *90 percent of the population* demonstrates its "rebellion against the absurdity of the vote through its electoral abstention,"[22] the traditional political practices and the apologetic legitimatory use to which the "democratic electoral system" is put—falsely claiming for the system the unchallengeable justification of a "mandate conferred by the majority"—no condemnation of vacuous parliamentary paternalism can be considered too sharp. Nor can it be seriously argued that high electoral participation is itself the proof of actually existing democratic popular consensus. After all, in some Western democracies the act of voting is compulsory and may in fact add up in its legitimatory value to no more than the

most extreme forms of openly critical or pessimistically resigned abstentionism. Nevertheless, the measure of validity for subjecting to the necessary radical critique the parliamentary representational system is the strategic undertaking to exercise the "sovereignty of labor" not only in political assemblies, no matter how *direct* they might be with regard to their organization and mode of political decision making, but in the self-determined productive and distributive life-activity of the social individuals in every single domain and at all levels of the social metabolic process. This is what draws the line of demarcation between the socialist revolution which is socialist in its *intent*—like the October Revolution of 1917—and the "*permanent revolution*" of effective socialist transformation. For with-out the progressive and ultimately complete transfer of material reproductive and distributive decision making to the associated producers there can be no hope for the members of the postrevolution-ary community of transforming themselves into the *subject* of power.

3. Prospects of Development

As we can see from the quotations presented in the previous section from Chávez's *Pueblo, Sufragio y Democracia*, the continuity in calling for a sustainable socialist transformation in our days, in the spirit of radical determination, is most remarkable. And rightly so. For after so much struggle and so many sacrifices devoted all over the world, across centuries, to the cause of human emancipation, it is even more emphatically true today than ever before—in the midst of the deepening structural crisis of the capital system which threatens our very survival—that "the sovereign people must transform itself into the object *and the subject* of power. This option is *not negotiable* for revolutionaries." A truth firmly stressed in his 1993 pamphlet by Hugo Chávez Frias, five years before his election to the presidency.

Without such transformation, in the deepest and most enduring sense of the term—which means nothing less than the necessity to acquire *conscious control* over their conditions of existence by the social individuals—the old order of hierarchical domination is bound to reassert itself even against the best intentions of radical change. This is what puts on the historical agenda with undeniable urgency the question of socialism in the twenty-first century: A form of socialism in which—and through which—the people cannot only *become* but also *remain* the sovereign subject of power in every domain. Only in that way is it possible to successfully face up to the immense challenges and ever

increasing dangers of our time. Definitely, there can be no other way.

The social and intellectual ferment in Latin America promises more for the future in this respect than what we can find for the time being in capitalistically advanced countries. This is understandably so, because the need for a truly radical change is that much more pressing in Latin America than in Europe and in the United States. For the endlessly promised solutions of "modernization" and "development" proved to be empty promises, and for the people at the receiving end of the actually adopted policies a complete failure. Thus, while it remains true that socialism as an alternative social reproductive order must qualify as a universally viable approach, embracing also the most developed capitalist areas of the world, including the United States, we cannot think of this problem in terms of a time sequence in which a future social revolution in capitalistically advanced countries must take precedence over the possibility of radical change everywhere else. Far from it. For given the massive inertia generated by capital's vested interests in the privileged capitalist-countries, together with reformist labor's consensual complicity in their self-serving development, a triggering social upheaval is much more likely to take place in the not too distant future in Latin America than in the United States and in Western Europe, with far-reaching implications for the rest of the world.

In an interview, in January 2003, the Brazilian national daily, the *Folha de São Paulo*, asked me the question: *"What is your opinion about the parallels traced between Luiz Inacio Lula da Silva and other Latin American leaders, such as Fidel Castro and Hugo Chávez?"* This was my answer:

> The parallels are far-reaching, despite the obvious differences between the circumstances under which these radical leaders came to occupy their present position as heads of their respective governments. The parallels are dominant because they forcefully underline that the whole of Latin America is in need of a most profound, truly radical, change....President Lula's landslide victory followed—by no means unconnectedly—the clamorous collapse of all attempted forms of accommodation in Argentina; a country considered for a very long time the unsurpassable model for Latin America. And when we speak about the three radical leaders: Lula, Fidel Castro and Chávez, we should not forget President Allende, who also attempted to introduce radical change in his country, and had to perish for it. No doubt, those who refuse to contemplate the very idea of meaningful change will continue to try to wipe out the time of Latin American radical leaders

appearing on the historical stage. But equally beyond doubt, such leaders are bound to arise, again and again, for as long as the profound social and historical reasons for their arrival are not positively attended to.

Evidently, we can now add to the list of radical Latin American leaders the name of Evo Morales who was elected to the presidency of Bolivia with a massive vote in the December 2005 elections. His campaign was followed with great expectations by the long exploited popular masses of his country, especially because he was promising to carry out a far-reaching *Bolivarian Revolution*. The overwhelming support he received on account of his promised program is itself a clear indication of the strong desire in Bolivia for a radical change. Naturally, in the light of painful past disappointments in other parts of Latin America it remains to be seen how far Evo Morales can meet the expectations of his people, under undoubtedly very difficult circumstances which should not be ignored by anyone.

But whatever might be the verdict on that score, what we can be absolutely certain about is that more and more radical political leaders are bound to come forward in different parts of the Latin American continent as time goes by, including the countries in which the radical forces suffered some major disappointments in the recent past as a result of their governments' craven accommodation to U.S. political and financial dictates. They are bound to come forward in response to the deepening crisis of their societies as well as of the global capital system in general, with unavoidable commitment to instituting a viable alternative even against the most hostile obstructionism from abroad and against the grave structural problems inherited in their own countries from the past. Only the articulation and intensification of a radical alternative anchored in the broad masses of the people, with an uncompromising strategy pressing for a truly comprehensive transformation of society, can promise a way out of the now all too obviously paralyzing maze of contradictions.

Naturally, it would be an illusion to expect a linear ascending development in this regard. We must soberly face the fact that the adversaries of socialism have enormous resources at their disposal for protecting capital's deeply entrenched power. This is the *negative* dimension of the great historical challenge we must face. At the same time, the *positive* requirement of a lasting success is even weightier. For the elaboration of viable socialist strategies, as well as the successful articulation and consolidation of the corresponding organizational forms

both internally and on the international plane, remain a fundamental challenge for the future. Due to these reasons, real setbacks and even major relapses cannot be excluded, no matter how great the need for positive solutions and how promising the initial achievements.

In Brazil the radical wing of the working-class movement, both in the trade unions and in the political parties, played a crucial role in putting an end to the U.S.-sponsored military dictatorship well over two decades ago. In that way it also inspired some radical movements elsewhere in Latin America. Moreover, subsequently the Workers' Party scored a major electoral success with Luiz Inacio Lula da Silva's rise to the presidency. And yet, despite some undeniable tangible achievements in limited areas, capital's long established order in Brazil succeeded in remaining firmly in control of the overall societal reproduction process, marginalizing its opponents also in politics, to the great disappointment of the popular forces in all parts of the country. Understandably, therefore, the socialist militants in Brazil are compelled to argue today that there is still a long way to go before the inherited constraints of the organized historical left—which tended to be confined in *every* capitalist country to a political space and role thoroughly compatible with the mode of operation of the old order—could be considered to have been significantly altered, let alone to have been overcome on a lasting basis.

But even so, notwithstanding all identifiable and potential setbacks, it would be quite wrong to paint a pessimistic picture as regards the prospects of overall developments, concerning the continued viability (or not) of the capital system in its entirety. For it is very important to stress that despite capital's bewildering successes in the last two decades in different parts of the world, especially in the former societies of "actually existing socialism," the forces working for the institution of a radically different social order have found encouraging manifestations in several parts of the "geopolitical backyard" of the United States, including not only Venezuela but also the militants who continue to defy the most uneven odds which still favor the established order in Columbia.

Moreover, it is also of great significance that the radical social movements in different parts of the world, no matter how relatively weak they might be for the time being, are determined to shake off the historically generated but by now most anachronistic organizational limitations of the traditional political left. For they cannot accept any longer the easy explanation that the failure of some cherished past strategies, together with the corresponding implosion experienced by the

socialist movement, was accidental or simply a matter of personal betrayals. Realizing that a critical—and self-critical—reexamination of some important past strategic and organizational assumptions is called for under the present historical circumstances, they are engaged in a painful but necessary process of reorienting their forces. They are trying to do this in order to be able to implement in action not only the necessary negation of the existent but also the positive dimension of a sustainable *hegemonic alternative.* It is important to stress this circumstance so as to counter the ubiquitous propaganda of the established order which continues to claim its permanent triumph over its erstwhile socialist adversaries.

When Prime Minister Margaret Thatcher—the devoted ideological and political adherent of neoliberalism in Britain—succeeded in defeating the British miners' one-year-long strike by ruthlessly deploying against the strikers the full economic and police resources of the capitalist state, with a far from negligible helping hand by the Labor Party itself (despite the fact that at the time the Labor Party was still in opposition) she boasted that she had *"seen off socialism for good."* This statement was a preposterous presumption, even if it seemed to be confirmed by the British Labor Party's eager capitulatory transformation into "New Labor": the "friend of business" in the words of its leaders, and preferably of big business at that. In reality the relatively easy spread of neoliberalism from the 1970s onwards was not simply a British phenomenon but an over-whelming international development, extending in one way or another over the whole of our planet.

What is even more important to stress in this respect is that the ruthless enforcement of the main tenets of neoliberalism virtually everywhere—on the face of it astonishingly even in the societies of "actually existing socialism," as they were called once upon a time—was not at all the manifestation of capital's irresistible revitalization and permanently secured health in the direction of the future. On the contrary, it was made necessary by the onset of the system's *structural crisis,* due to the dangerously *narrowing margins* of sustainable *capital-expansion.* To this qualitatively new structural crisis capital could only respond by assuming an ever more aggressive posture.

Accordingly, in the course of its development in the last three decades, capital had to claw back the "concessions" of the welfare state earlier granted to labor—for which it did not have to pay anything at all at the time when the Welfare State came into being, since the alleged "concessions" were part and parcel of the dynamics of the post-war

period's undisturbed and highly profitable capital-expansion. The redefinition of the established order's strategic orientation in the spirit of callous neo-liberalism was both the practical implementation of the ever more exploitative and repressive policies dictated by capital's harshly authoritarian turn and its cynical ideological justification.

Indeed, what makes these facts much worse for capital's devotees is that it is not possible at all to claim that through its openly authoritarian stance neoliberalism actually succeeded in solving the system's structural crisis by opening the doors to a new phase of healthy expansion, as repeatedly promised but never realized. The fact that in recent years the dominant powers of global capital had to go as far as to engage in most aggressive and catastrophically wasteful adventures, including the practice of unleashing genocidal wars—cynically and hypocritically in the name of "democracy and liberty"—from which there seems to be *"no exit strategy"*[23] (to use the mildly critical words of even the system's supporters), demonstrates the utter failure of the attempted remedies and the significant worsening of the crisis itself.

Another dimension of the same problem directly concerns the prospects of development of labor as the structural antagonist of capital. In contrast to all talk about the claimed "integration of the working class," what we find in actuality is a total misrepresentation of the—undoubtedly accomplished—capitulation of labor's traditional *political leadership*, which is treated as the necessary and forever unalterable integration of the working *class itself*. In other words, this capitulation of labor's bureaucratic leadership is falsely characterized as the irreversible integration of the one and only social force capable of offering a hegemonic alternative to the rule of capital. A rule which is no longer sustainable—because of its increasingly destructive inner determinations on a lasting basis.

Admittedly, the British Labor Party's capitulatory transformation into "New Labor" was by no means an isolated phenomenon. Some parties once upon a time well to the left of British Labor—for instance the Italian and the French Communist Parties—suffered in the same period an equally negative fate. The apologists of the established order celebrate all such metamorphoses in the same way as they greeted the successful imposition of neoliberalism everywhere. That is, as the welcome evidence of the capital system's enduring revitalization and, consequently, as the unchallengeable triumph of the arbitrarily proclaimed wisdom according to which *"there is no alternative."*

However, nothing could be a more myopic misreading of these events

and developments which stand and fall together. The historical evidence itself points in the opposite direction not despite but, paradoxically, precisely because of the fact that the traditional mainstream forces of the left in many countries subordinated themselves unreservedly to the dictates of capital in structural crisis. For the truth, uncomfortable though it must be to the defenders of the existing order, is that even the most slavish accommodation of traditional labor leadership—devoid of a viable strategy of its own ever since the well over a century old, but now revealingly abandoned, vacuous slogan of "evolutionary socialism"—is quite unable to remedy the situation. In this sense the most disturbing truth is that nothing seems to work even in the shortest term under the present historical circumstances in obviating the intensification of capital's socioeconomic aggressiveness and its direct extension into *growing state violence.*

What actually happened through the imposition of neoliberalism, with the most active contribution of reformist labor itself in several countries—in Britain already under the Labor Party's chief minister of economic affairs in Harold Wilson's gov-ernment, Dennis Healy, who instituted the first round of savage neoliberal policies well before Margaret Thatcher—was the irrevocable removal of the "grand illusion" according to which *class accommodation* and *gradual reform* were the only answers to society's grave *structural* problems.

Projecting the necessary solution in this way—that is, by postulating the elimination of the capital *system's* grave *structural defects* through temporarily feasible and conjuncturally limited *gradual tinkering*—was, of course, a *contradiction in terms* right from the beginning. Naturally, this circumstance sealed the fate of "evolutionary socialism," although it took a long time before the promises of that mystifying approach had to be openly abandoned even by its leading proponents. As it is painfully obvious today—also through the humiliating failure of the most accommodatory strategies of reformist labor seen in all history—in the real world, class accommodation and gradual reform were no answer at all to the established *social structure's* increasingly serious *systemic* problems. Nor could they ever be.

The root cause of aggressive neoliberalism is the dangerously narrowing margin of undisturbed capital-expansion and conflict-attenuating growth, and thereby the system's ever more constrained ability for managing without destructive adventurism its major structural problems, notwithstanding the active complicity of formerly reformist labor on the side of neoliberal capital. All this underlines the severity of

the crisis of our time and the total absurdity of all talk about "seeing off socialism for good." For undisturbed *capital-expansion*—in conjunction with *conflict-attenuating growth*—and the unchallenged *submissive accommodation* of reformist labor to capital's rule are two sides of the same coin.

Once the road to undisturbed and sustainable capital-expansion is narrowed and ultimately blocked by the deepening structural crisis of the system, the principal motivating force for labor's willing self-accommodation is bound to be weakened as the facts begin to sink in. This is so even if at the beginning of such a downward spiral. The leadership of reformist labor—which never had any other conception of socioeconomic improvement than the grateful acceptance from capital's benevolent hand of a larger slice of society's "growing cake": a proverbial cake once blindly assumed to be of an *eternally growing* kind—tries to do everything it can in order to mitigate the negative and ultimately destabilizing consequences of capital's failure to "deliver the goods." It adopts an unreservedly and humiliatingly obsequious position toward capital, in the vain hope of successfully contributing to the system's revitalization and healthy functioning. And it does this in the unholy spirit of "there is no alternative" to maintain the established socioeconomic and political order. Naturally, under such circumstances the tired old mantra of "left-Keynesianism" is recited again and again. But there can be nothing to confer reality upon it.

Thus, both the permanence of neoliberalism (often associated even with the grotesque pseudo-theory which preaches the happy "ending of history" at the welcome moment of the arrival of neoliberalism) and the proclaimed absolute necessity of labor's eternal self-accommodation are nothing more than disorienting *optical illusions*, projected much to the convenience of the established order. They are temporarily reinforced from two directions. On one side, by neoliberalism's understandable positive embrace of its new-found ideal interlocutor, capitulatory labor. And on the other side, by self-accommodating labor's need for a somewhat mythically aggrandized (powerful but "reasonable" and benevolent) adversary, promoted to the status of a veritable "partner" who is now respectfully described as the "producer of wealth," despite the increasing parasitism of its now dominant dimension: speculative finance capital. This is done by reformist labor in order to justify before its electoral followers its open complicity with the perpetuation of the harshly exploitative order as it stands. It is by now not in the slightest embarrassed about having abandoned its erstwhile reformist aspirations

for "gradual change" toward a once promised equitable alternative order—on the today even more vacuously proclaimed ground that "there *cannot be* any alternative."

In reality, however, the vital need for a *hegemonic alternative* to capital's rule has appeared on the historical agenda. For all known modalities of reformist accommodation, across one hundred and thirty years of history (from the time of the "Gotha Programme"), failed to make the slightest lasting impact on the grave contradictions and inhumanities of the capital system. This state of affairs could be maintained, not-withstanding the system's antagonisms and inhumanities, for as long as capital could impose itself—when possible with the help of productive achievements, when not by naked force—as the unchallenged controller of societal reproduction. But precisely this is what is becoming extremely problematical in our own time. Extremely problematical indeed partly because even capital's most authoritarian posture, coupled with reformist labor's by now totally submissive accommodation to it, fail to produce the promised healthy economic expansion. And even more importantly, because the ongoing aggressive adventurist developments unmistakeably put into relief capital's perilous drive towards humanity's destruction, irrationally in the interest of the established reproductive order's survival at all cost, to which capital truly *cannot conceive*, let alone *concede*, any alternative.

Following the "line of least resistance" is, by definition, always much easier than fighting for the institution of a really feasible hegemonic alternative. For the latter requires not only active commitment to the cause chosen by the participants but also their acceptance of likely sacrifices. This is the greatest asset of our adversaries, underlining the vital importance of the elaboration and implementation of viable political and social strategies in order to counter the significant positional advantage of institutionalized inertia. For the necessary removal of the disorienting optical illusions mentioned above—namely the absolute permanence of neoliberalism and of labor's beneficial self-accommodation to it—is not possible, in one respect, without full awareness of how high the stakes for securing humanity's survival really are in our time, and in the other respect, without a practical engagement in the required fundamental transformation of the existing social order in its entirety, in the spirit of *radical determination*.

Tinkering here and there, in our time, leads absolutely nowhere. It can only reinforce the positional advantage of those who are now in control of the historically anachronistic capital system. In other words,

countering with success the mystifications of neoliberal invincibility actively sustained by accommodatory labor is not simply a question of ideological enlightenment. The battle cannot be won on the terrain of political persuasion alone, since consistently critical convictions often coexist with practical powerlessness. Lasting success is feasible only through the organizationally sustainable mobilization of the great masses of the people for the realization of an *all-embracing hegemonic alternative* to the established mode of social metabolic reproduction.

The spirit of radical determination today is inseparable from a firm commitment—as required by the need to confront the dangerous historical developments—to the institution of the envisaged hegemonic alternative to capital's increasingly adventurist and destructive rule. This is why President Chávez repeatedly stressed both the inescapability of the dilemma of *socialism or barbarism* in our time, and the corresponding necessity to engage in the only feasible form of successful action: a sustained *strategic offensive*, given the magnitude and the literally vital urgency of the historical task. In his intervention at the January 2003 World Social Forum, in Porto Allegre, he rightly warned against the harmful temptation of allowing to turn the worldwide meetings of the emerging major social movements into annually ritualized *folkloric events*. And he repeated the same warning at the January 2006 World Social Forum in Caracas, insisting that such transformation of the potentially radical social movements into a *"touristic/folkloric encounter would be terrible, because we would be simply wasting time, and we have no time to waste.* I believe that it is not given to us to speak in terms of future centuries...we have no time to waste; the challenge is to save the conditions of life on this planet, to save the human species, to change the course of history, to change the world."[24]

In this sense, in order to meet the radically new historical challenge of our time which puts into question the very survival of humanity, the original Bolivarian project is necessarily modified in two of its fundamental dimensions. In the first respect, the required qualitative change directly affects the all-important question of *equality*, and in the other respect, it must address the unresolved dilemma of even the greatest and most radical political thinkers of the Enlightenment, including Rousseau (who was in many ways the unsurpassable model for Bolívar himself). Namely: how to overcome on a lasting basis—or at least how to bring to a common denominator sustainable for an unavoidable period of transition—the conflicting and potentially disintegration producing interests at work in society.

It goes without saying, these two fundamental dimensions of a historically workable solution to humanity's great dilemmas—which appeared in their first utopian formulations thousands of years before the age of the Enlightenment, but remained always frustrated and sidelined ever since those early days—are closely intertwined. For it is unthinkable to overcome the potentially most disruptive, indeed explosive, contradictions and mutually exclusive interests perpetuated by the long established antagonistic social structure without finding a viable solution—in a *substantive way*—to the historically up to the present intractable problem of equality of which every form of (in principle reversible) legal enactment can only scratch the surface. And vice versa: it is inconceivable to find a *substantive,* and thereby *legally non-reversible,* solution to the seminal issue of equality, upon which all of the other commendable social values rest—in Bolívar's memorable words "from all freedoms to all rights," including justice—without permanently relegating to the historical past the conflicts and antagonisms necessarily generated and reproduced in one form or another by the structurally/hierarchically entrenched and safeguarded *substantive* (and not just legally codified) social relations.

In the deepest sense of the issues at stake, the two fundamental dimensions of humanity's great dilemmas are one and the same, distinguishable partly because this is how they were treated in past political discourse. And more importantly, they must be distinguished for the purpose of elaborating the practically feasible as well as lasting—and now historically both possible and necessary—solution to society's explosive contradictions. However, today, in the light of past disappointments, we must be aware of the greatly complicating fact that in their innermost substance they are inseparable. For it was due to the socially determined past disregard of their substantive inseparability that even the noblest intentions for overcoming the violations of equality through legislative reform (which may well be necessary as a vital first step under determinate historical circumstances)[25]—leaving at the same time the entrenched *substantive structural hierarchies* in place in society—had to suffer major reversals sooner or later.

We have to recall in this respect that for Bolívar equality was *"the law of laws"* because "without equality all freedoms, all rights perish. For it we must make sacrifices." Defining the problem in this way was Bolívar's direct appeal to the spirit of *enlightenment and morality* in his fellow legislators. As he had characterized the two cardinal requirements of a politically viable form of legislation, in his Address before the

Congress of Angostura: *"Morality and enlightenment are the poles of a Republic; morality and enlightenment are our primary necessities."*[26] Although this was an undoubtedly valid formulation of some vital political guiding principles in their given social setting, Bolívar's way of defining the problem of equality as *legally enacted equality,* dependent on the enlightened insight and moral sympathy of his fellow legislators (many of them in fact quite unwilling to make the stipulated sacrifices), had inevitably imposed strict limitations even on Bolívar's radical approach. Indeed, the qualifications expressed by him on some occasions indicated, at least by implication, his awareness of the social limits of the actually accomplished level of equality.[27] After all, even the legal emancipation of the slaves could be subsequently cancelled out by a variety of legally devised pseudo-contractual alternatives, which cynically retained many features of former slavery, including the brutally enslaving arrangement called "indentured labor"; not to mention the *substantive triumph of wage slavery* everywhere, glorified in the annals of liberal political economy as "free labor." And another sobering note: under the circumstances prevailing in Bolívar's lifetime in Latin America, even the degree of social and political radicalism advocated by him proved to be far too much to many of his contemporaries.

As regards *susbstantive equality,*[28] its realization is undoubtedly the greatest and the most difficult of all historic tasks. Accordingly, real advancement in the direction of substantive equality becomes feasible only when the *objective material conditions* of its realization—including society's historically achieved *positive productive potentiality*—are appropriately matched at the level of ideas and values. The latter may well be called the *spiritual conditions* of overcoming the age-old, for thousands of years structurally well-entrenched, social hierarchies which have been reinforced by the most problematical culture of *substantive inequality* even in the writings of some very great intellectuals of the progressive bourgeoisie.

Given these circumstances, success is feasible only if some vital conditions are historically satisfied. For on the one hand, the "equitable distribution of misery," in the absence of favorable material requirements, cannot be socially sustained as a condition of normality for any length of time. On the other hand, the pretended achievement of "material abundance"—i.e., the pernicious myth of "the affluent society"—cannot solve absolutely anything if a genuine dedication to mutually beneficial solidarity (and associated values) is missing, for whatever reason, from the individuals' conception of productive advancement. That is true

irrespective of how high the available level of technological and scientific know-how might be under the circumstances. For in the absence of values which enable the all-round development of rich individuality, in place of the now-a-days dominant antagonistic competitiveness, all fetishistically celebrated material abundance is invariably transformed into never to be eliminated *scarcity*, and thereby the self-justifying vicious circle of wasteful "progress" toward the irrational conversion of ever greater *productive potentiality* into *destructive reality* can go on unhindered until a global catastrophe brings it to a halt.

This is the point where we can see the demarcation line separating us from the past in which concern with equality could only be pursued, even by the most enlightened statesmen, as a legally defined (and confined) political objective. This had to be the case also when the issues at stake were carrying important social connotations, such as the formal liberation—but by no means the actual socioeconomic emancipation—of the slaves. The radical novelty of our conditions of existence in the present historical epoch is that there can be no lasting success in the struggle for humanity's survival without the establishment of a *social order* based on *substantive equality* as its central orienting principle on the terrain of both *production* and *distribution*.

This is so because capital's incorrigible *destructiveness* affects in our time every single facet of our life, from the irresponsible wastefulness of profit-oriented productive pursuits to the suicidal degradation of nature as well as the irreversible exhaustion of its vital reproductive resources, and from the dehumanizing mass production of "superfluous people," in the form of chronic unemployment, to the most extreme varieties of current military adventurism. This might be seen together with the outrageous justification of nothing less than the use of nuclear weapons by the dominant imperialist country, the United States, done not only retrospectively, with regard to the unforgivable deed against the people of Hiroshima and Nagasaki, but in a most sinister way also in relation to the future. In this sense the traditional advocacy by capital's personifications "to think the unthinkable"—in their self-congratulatory spirit which claims the virtues of successfully accomplished "productive destruction"—finds its ultimate realization in a form in which *contemplating and threatening the destruction of humanity*, absurdly in the interest of the ruling socioeconomic system's survival at all cost, is *legitimated* as a necessary *strategic objective* by capital's most powerful state formation.

At the root of all of these destructive manifestations we find the

insurmountable imperatives arising from the established order's self-perpetuating *structural hierarchies* which necessarily exclude any comprehensive *rational alternative* to capital's mode of social metabolic control. Naturally, considerations of substantive equality cannot conceivably enter capital's framework of decision making when the fundamentals are at stake. This makes the structural crisis of our system of social reproductive control uniquely acute at the present historical juncture, indicating at the same time the only feasible way of overcoming it. For the destructive determinations of the established order, erupting everywhere on a devastating scale with earlier inconceivable gravity, now call for a fundamental *structural change* in the interest of humanity's survival.

Since *structurally enforced inequality* is the all-important defining characteristic of the capital system without which it could not function for a single day, the institution of the required *fundamental structural change* makes it necessary to produce a *substantively equitable alternative* as humanity's only viable future mode of social metabolic control. Moreover, there could not conceivably be a higher stake for human beings than securing and safeguarding the survival and positive advancement of humankind by instituting a humanly fulfilling order of *substantive social equality*, which under the present conditions is not an *abstract possibility* but a *vital necessity*.

For this reason the forces dedicated to this great historic task can pursue the realization of their objective with rationality fully on their side, confident of the complete justification of the values advocated by them in their struggle against imperialism, monopoly, and oppression, in sharp contrast to their adversaries. Truly, we live in an age that might be called the clash of imperatives, although by no means "the clash of civilizations." For the critical confrontation of our time asserts itself as the imperative for creating an equitable and sustainable social order—i.e., an order which is historically sustainable precisely because of its innermost determination as equitable in all of its substantive dimensions—as against capital's insurmountable imperatives of destructive self-preservation. In view of the nature of the issues involved and the urgency of their pursuit, there has never been an even remotely comparable prospect for turning into reality the age-old advocacy of substantive equality as the primary determination of human interchange.

In this sense also the reasons for the chronically unresolved question of how to overcome on a lasting basis the conflicting and potentially disintegration-producing interests at work in society must be

reexamined. The answer given in the past even by the most enlightened statesmen, including Bolívar, was to politically *balance* the diverse social forces, so as "to maintain the *equilibrium* not only among the members of the Government but also among the different fractions constituting our society."[29] In the end such strategy had to turn out to be fragile even in its own terms of reference, resulting in periodic convulsions and reversals in its political setting despite the fact that what was at stake concerned only the partial redefinition and redistribution of the *relative share* of the diverse social forces in the structurally given power relations. However, the hierarchical structural parameters of the given social order were themselves not questioned. On the contrary, they had to be taken for granted by the orienting principles of *"balancing"* and *"equilibrium."*

By contrast, today the radical questioning of the structural parameters of the established social system is on the order of the day. For, evidently, even the most skillful political balancing of the social forces under the rule of capital cannot undertake the task of instituting the required *fundamental structural change*, no matter how acute the need for it, as happens to be the case today. This is why only the consistent pursuit of the objective to establish a social order of substantive equality can match up to the historical challenge in our time, under the conditions of the capital system's irreversible structural crisis.

As we have seen above, toward the end of his life Bolívar was forced to concede that, tragically, the day of America, as he had envisaged it before, had not yet arrived. Today the situation is very different, due to a number of major determinations. In other words, Bolívar's "day of America" has arrived in the sense that the age-old conditions of Latin America's quasi-colonial domination by the United States cannot be perpetuated in the future. In this regard the interests of the socioeconomically as well as politically effective national sovereignty of the Latin American countries fully coincide with the necessary drive for overcoming national grievances everywhere, since the long prevailing national domination of many countries by a few imperialist powers has become an irremediable historical anachronism.

This new historical condition cannot be undone by the fact that the former imperialist powers, and above all by far the most powerful of them, the United States of America, are trying to turn back the wheels of history and *recolonize* the world. Their design to such end is already visible in the way in which they have recently undertaken some devastating military adventures under the pretext of the so-called "war

against terror." Indeed, the new panacea of the most aggressive powers is that embarking on what would in fact amount to a blatant recolonizing venture—in Africa and South East Asia, as well as in Latin America—is declared by them to be the essential condition of success of their cynically righteous "war against international terror" in the "new world order." But they are bound to fail in this enterprise.

In the past, many attempts aimed at rectifying justifiable national grievances were derailed by the pursuit of chauvinistic strategies. For, given the nature of the problems at stake, the repressed *national* interests cannot prevail at the expense of the viable social objectives of some other nations, thereby violating the required *fully equitable international conditions* of inter-state relations. Thus, the far-sighted historical validity of the Bolivarian project, pressing for the strategic unity and equality of the Latin American countries not simply against the United States but within the broadest framework of the envisaged harmonious international association of all (see note 11), could not be clearer. Indeed, by realizing their social and political unity based on their solidarity, the Latin American countries can play a pioneering role today, in the interest of the whole of humankind. None of them can succeed in isolation even negatively, against their powerful antagonist in North America, but together they can show a way forward to all of us in an exemplary way. For only the historically appropriate renewal and consistent pursuit of the strategy capable of bringing the national and the international dimensions of social interchange to their positive common denominator everywhere, in the spirit of radical determination, can solve the grave structural crisis of our social order.

Notes

1. Bolívar quoted in John Lynch, *Simón Bolívar: A Life* (New Haven: Yale University Press, 2006), 26. Note: The translations from Bolívar in this piece are by the author and differ slightly from previously published English translations cited in this article.
2. Simón Bolívar, *Selected Works* (New York: Colonial Press, 1951), 2:603.
3. Bolívar, *Selected Works*, 1:195.
4. Bolívar, *Selected Works*, 2:732; Lynch, Simón Bolívar, 264.
5. Clinton's Labor Secretary, Robert B. Reich—a former Harvard University Professor—advocated the forceful adoption of *"positive economic nationalism"* by his own country. See his book, *The Work of Nations* (New York: Vintage, 1992), 311.
6. Moynihan proclaimed in an authoritarian way that democracy is not "a universal option for all nations" in his book, *Pandaemonium* (Oxford: Oxford University Press, 1993), 169.

7. Bolívar, *Selected Works*, 2:737.
8. Referred to in the speech made by President Chávez, "La Revolución Bolivariana y la construcción del socialismo en el siglo XXI," XVI Festival Mundial de la Juventud y los Estudiantes, Caracas, August 13, 2005.
9. Bolívar quoted in Lynch, *Simón Bolívar*, 126.
10. José Martí, *La Revolución de 1868* (La Habana: Instituto del Libro, 1968).
11. Bolívar, *Selected Works*, 1:119.
12. See in particular: "Hay que ir organizando un gran movimiento continental," a speech delivered at the Universidad Nacional de Asunción, República de Paraguay, on June 20, 2005, and "La Revolución Bolivariana y la construcción del socialismo en el siglo XXI," delivered in Caracas on August 13, 2005. For an important recent interview see Manuel Cabieses: "¿Qué diferenciaría al socialismo del siglo XXI de aquel socialismo que se derrumbo? / ¿Donde va Chávez?," published in *Punto Final*, no. 598, August 19, 2005.
13. On December 6, 1998, Hugo Chávez Frias was elected president of Venezuela in the first round of the elections, with a resounding 56.24 percent of the vote. Thus all the other candidates put together had to content themselves with no more than 43.76 percent of the vote cast.
14. The pages reprinted here constitute section 18.4.3 of *Beyond Capital*. Section 18.4 of chapter 18 is entitled "The need to counter capital's extra-parliamentary force," pp. 709–12 of the first English edition, pp. 815–19 of the Spanish edition *(Más allá del capital)*, and pp. 827–31 of the Brazilian Portuguese version *(Para além do capital)*.
15. Jean-Jacques Rousseau, *The Social Contract* (New York: Everyman's Library, 1993), 78.
16. Rousseau, *Social Contract*, 79.
17. Rousseau, *Social Contract*, 42.
18. Hugo Chávez Frias, *Pueblo, Sufragio y Democracia* (Yara: Ediciones MBR-200, 1993), 5–6.
19. Chávez, *Pueblo, Sufragio y Democracia*, 9.
20. Chávez, *Pueblo, Sufragio y Democracia*, 11.
21. Chávez, *Pueblo, Sufragio y Democracia*, 8–11.
22. Chávez, *Pueblo, Sufragio y Democracia*, 9.
23. Rather the opposite, in that always new military targets for the allegedly crisis-solving pursuit of unashamedly aggressive *"preemp-tive wars"*—to be waged against countries ranging from Iran and Syria to North Korea and other arbitrarily desig-nated members of the so-called "Axis of Evil"—are repeatedly advocated by the most reactionary political leaders of the global hegemonic imperialist power, urged on by their even more extremist backroom boys, thereby wishfully but quite absurdly projecting as the necessary bene-ficial solution the dictatorial imposition of a mode of action which could only aggravate the system's problems to the point of a catastrophic global explosion.

24. Hugo Chávez, "Closing Speech at the Sixth World Social Forum," January 27, 2006.
25. For instance, when a radical political leader is brought to the position of heading the government of his or her country by an electoral process—to be followed by the establishment of a Constitutional Assembly—and not by an all-embracing social and political revolution. It is enough to think in this respect of the contrast between Venezuela and Cuba.
26. Bolívar, *Selected Works*, 1:192.
27. Felipe Larrazabal, *Vita y escritos del Libertador*, vol. 2, (Caracas: Ediciones de la Presidencia de la República, 2001), 76–77.
28. See "The Challenge of Sustainable Development and the Culture of Substantive Equality," my lecture delivered at the Cultural Forum of the Latin American Parliaments' "Summit on the Social Debt and Latin American Integration," held in Caracas, Venezuela, July 10–13, 2001; published in *Monthly Review*, vol. 53, no. 7 (December 2001), 10–19.
29. Simón Bolívar, *An Address of Bolívar at the Congress of Angostura* (Washington, D.C.: Byron S. Adams, 1919), 34; See also Bolívar, *Selected Works*, 1:191.

Simón Bolívar was a great visionary, as Francisco Pividal says, a precursor of anti-imperialism, because even as early as 1826, Bolívar sensed the threat of North America against us and sent up an alert, and tried to convince his compañeros to form a Southern union, a great political body in South America and in the Caribbean, we recall that Bolívar—and it is written—was even planning for the independence of Cuba, Puerto Rico, Dominican Republic, and Haiti, because he said that Gran Colombia could not be complete or have meaning without the Caribbean.

So, 200 years ago, those peoples, the grandparents of our grandparents understood, and took some important steps. They defeated the Spanish empire that had been here for 300 years, but Bolívar warned in that prophetic phrase, that says it all: "The United States of America appears to be destined by providence to plague America with misery in the name of liberty..." In another letter he said: "There is a very large and powerful nation, very hostile and capable of anything..." That was in 1825 or 1826. Bolívar was ahead of his time.

—Venezuelan President Hugo Chávez, "Speech to the 6th World Social Forum," Caracas, Venezuela, January 27, 2006, http://www.venezuelanalysis.com

Indigenous Peoples and the Left in Latin America

ROXANNE DUNBAR-ORTIZ

What has been left out of reports and analysis in both the mainstream press and among anti-imperialists and leftists about the triumph of Evo Morales's election as president of Bolivia is the role played by the over three-decade-long international indigenous movement that preceded it. Few are even aware of that powerful and remarkable historic movement, which springs from generations of grassroots organizing.

If the left, particularly the Latin American left, misses this point, it's a shame, as the mistrust of indigenous peoples, and their absence, has weakened previous revolutionary movements in Latin America. Indeed, some indigenous activists and organizations in the Andean region are wary of Evo Morales because of his left politics and alliances, because Latin American left movements have often either ignored indigenous issues and aspirations, or recruited indigenous individuals or communities without incorporating or even prioritizing their aspirations in regards to land and self-determination. The responsibility belongs to social justice movements to catch up with what has been going on with the indigenous movement. If there is ever to be socialism and just societies in the Americas, the leadership and form of it must rely heavily on the experiences and knowledge of the indigenous peoples. Peruvian communist pioneer, José Carlos Mariátegui recognized this reality, and it's time to take another look at past and future strategies and not just pay guilty lip service to the "plight" of the Indians.

The question of self-determination of peoples is a recent historical phenomenon integral both to the formation of modern nation-states that served and were created by capitalism, and to the gradual formation of a world system, which culminated in imperialism. The dominant manifestation of capitalist-based national integration and state formation

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occurred in Western Europe parallel with those states establishing colonies and colonial regimes in Africa, Asia, the Pacific, the Americas, and the Caribbean. This accounts for their access to vast resources and labor that allowed their development of industrial capitalism and wealth, efficient bureaucratic structures, and political liberalism. It is at the end of that process in the twentieth century that self-determination became a major global issue, eventually organizing every human being and community into citizens of nation-states. The creation of nation-states inevitably raised the question of national and ethnic communities who were included, without their consent or participation, within newly drawn boundaries.

The western hemisphere is the region least explored in discussions of colonization—the aspirations of indigenous communities, and what Marxists call the national question. The revolution for independent state formation in the Americas in the early nineteenth century should be seen as being in the mode of European nation-state formation for the purpose of capitalist development, dominated by Euroamerican (racial and/or cultural) elites. Although those independence movements were against the "mother country," they were not, with the possible exception of Haiti, anti-colonial (just as the formation of Rhodesia and the Union of South Africa as states were not anti-colonial events), despite rhetoric and declarations that were clearly the precursors and perhaps even the seed of later anti-colonial movements throughout the world. This conclusion is obvious only if the focus is on the indigenous nations of the Americas, free of chauvinism.

The annexationist posture of the newly independent United States of America immediately at its founding (indeed arguably its very reason for establishing independence) introduced U.S. imperialism to Latin America and the Caribbean a full century earlier than its effective intervention in Africa and Asia. Consolidating the thirteen British colonies along the North Atlantic, and armed with a pre-imperialist political thrust (the Monroe Doctrine and the popular ideology of "manifest destiny"), the entrepreneurs controlling the new state machinery dispatched their military forces—citizen soldiers/settlers—rapidly across North America. The United States colonized indigenous communities that had not previously been subjected to European colonization, although most already had trade relations with one of the European colonial powers—and by 1848 had annexed half of Mexico where most of the indigenous peoples had been colonized by the Spanish. During the second half of the nineteenth century, the United States freed land and labor from the

limitations of the closed system of plantation agriculture based on slave labor. At the same time, the United States replaced the remnants of Spanish colonialism and the British trade hegemony in most of the Caribbean and Central and South America; the mode of penetration and relationships were finally transformed into classic imperialism in the late nineteenth century. The United States emerged as the leading imperialist power when imperialist competition erupted into full-scale warfare in Western Europe. The U.S. ascension was not completed until the end of the Second World War with the defeat of its chief competitors, Germany and Japan.

In some countries of the Americas, the dependent mode of capitalist formation took place. However, direct military and political-economic intervention often prevented even the formation of dependent capitalism, but rather created the colony of Puerto Rico, and neocolonies in the Caribbean and Central America. There is no doubt that U.S. imperialism made necessary national liberation movements for the realization of the integrity of nation-states in the rest of the Americas. Beginning with the Mexican revolution, revolutionary nationalist movements spread all over Latin America, led by anti-imperialist coalitions committed to social development.

Regarding the question of indigenous self-determination in Latin America, it could be said that it has been dealt with by its suppression in nationalist and left discourse, thus creating a theoretical vacuum in place of analysis. The vacuum has been filled by the ideology of *indigenismo*, a variety of paternalism, which is then used to attack the moral legitimacy of the left, in other words, "guilt-tripping." Some leftists have fallen for *indigenismo* and spliced it into their various manifestos and lists of demands.

To develop an approach to the national question in the Americas, obviously it is necessary to deal with each situation separately and concretely. The case of American Indians within the United States is certainly not analogous to the situations in Bolivia or Guatemala, where the indigenous constitute the majority of the population. Furthermore, the Guatemalan and Bolivian situations are quite different from that of Mexico, which in turn is distinct from the dependent capitalist countries of South America where the indigenous are numerically in the minority. A different set of circumstances are likely to arise in Venezuela, Ecuador, and Bolivia, as they did in Nicaragua in the 1980s. There a progressive state was targeted by the United States, which manipulated ethnic differences and conflicts to discredit the government in U.S. and

European public opinion and provide cover for U.S. intervention. One only has to look at sub-Saharan Africa today to see the effects of neocolonialist uses of ethnic conflict to disrupt the emergence of authentic self-determination.

However important it is to distinguish among the varied realities in Latin American countries, it is also important to consider the importance of the pan-Indian, even pan-indigenous, movement that has emerged during the past thirty-five years. No longer simply a utopian ideology, the movement forcefully acted to enact new international law for the rights of indigenous peoples through work at the United Nations and other international fora. Activists in that movement have not been hesitant in proposing their goal of self-determination with land/territory as its basis.

The predominant theme that has more or less gained consensus among Indians of the Americas is that prior to the European invasions, the Western Hemisphere was the home of Indian civilization. For some, there is a concept of a stateless, borderless hemisphere, within which autonomous, self-reliant ethnic entities, manifesting many cultures, speaking many languages, lived peaceably side by side. They call for a reconstruction of this old Indian civilization. Not all subscribe to this pastoral view of pre-Columbian history. Others espouse Indian nationalism, calling for self-determination for native communities and nations as colonized nations, separately and/or in federation.

In his 1981 compilation of documents from the emerging pan-Indian movement, *Utopía y Revolución*, Mexican anthropologist Guillermo Bonfil Batalla summarized the movement's theory and aspirations. He wrote:

> It is postulated that in America there exists only one unitary Indian civilization. All the Indian peoples participate in this civilization. The diversity of cultures and languages is not an obstacle to affirmation of unity of civilization. (It is a fact that all civilizations, including Western civilization, have these sorts of internal differences. But the level of unity—the civilization—is more profound than the level of specificity—the cultures, the languages, the communities; the civilizing dimension transcends the concrete diversity)....The differences between the diverse peoples (or ethnic groups) have been accentuated by the colonizers as part of the strategy of domination....the past is unifying. The achievements of the classic Mayas, for instance, can be reclaimed as part of the Quechua foundation. (In passing: much the same as the French may affirm their Greek past)....And even beyond the remote past which is shared, and beyond the colonial experience that makes all

> Indians similar, Indian peoples also have a common historic project for the future. The legitimacy of that project rests precisely in the existence of an Indian civilization, within which framework it could be realized, once the "chapter of colonialism ends." One's own civilization signifies the right and the possibility to create one's own future, a different future, not Western. (37-38)

Bonfil described the pan-Indian movement as equating colonialism and imperialism with the West, and that in opposing the West, Indians view themselves as anti-imperialist.

One of the most interesting themes identified by Bonfil is the goal of recuperation of the mestizo. One effect of colonial domination has been to de-Indianize a large portion of the indigenous population by means of various mechanisms of ethnocide, such as loss of land, forced removals, forced emigration, integration policies, foreign education, racism, and ideological penetration. When the Indians lose their identity, they lose the protection of the Indian community and are even more vulnerable to exploitation. Their new identity is mestizo, which, the pan-Indianists maintain, is no identity at all. No one becomes a mestizo by choice; it is always forced on Indians. The definition of mestizo, then, is an Indian that has been de-Indianized, but the Indian in the mestizo is recoverable. Further, even Euroamerican individuals can become Indian in the process of Indianization. Bonfil comments that this view is one of identity and consciousness, and, as such, it is as justified as the Marxist concept of the development of class consciousness. With liberation, and the expulsion of Western civilization and its agents, the restoration of pre-colonial society would be possible. Pan-Indianists also identify an Indian socialism that already exists in Indian communities and can be nurtured to replace capitalism. However, they eschew involvement with non-Indian mass organization, because those organizations, they say, are unable to accept the Indian as protagonist, and only want to use him/her as cannon fodder. Pan-Indianists prefer alliances.

Bonfil identifies several concrete and immediate demands in the pan-Indian movement's literature, and these parallel the demands that are found in the United Nations' documentation of the past thirty years of indigenous activity there. First there is land. There are demands for occupied ancestral territories which were guaranteed in the colony and taken away under the republics; demands for the control of the use of the land and the subsoil; and struggles against the invasion by cattle dealers and other commercial interests. Defense of land held and recuperation of land lost are central demands. They also demand

recognition of the ethnic and cultural specificity of the Indian. All the Indian organizations reaffirm the right to be distinct in culture, language, and institutions, and to increase the value of their own technological, social, and ideological practices. At the same time, they demand equal rights in relation to the state with the right to have their own administration with officials from their own communities. They call for the end of repression and violence, particularly that against the leaders, activists, and followers of the Indians' political organizations. Tourism and folklore are rejected. The commercialization of Indian music, dance, and rituals are often mentioned in the documents, and there is a particular dislike of the exploitation of those that have a sacred content and purpose for the Indians. An end to exploitation of Indian cultures in general is a primary demand.

Up to recently, the growth of ethnic consciousness and the consequent mobilization of Indian communities in the Western hemisphere since the 1970s have been welcomed neither by governments in power nor opposition political parties and revolutionary movements. Indian issues discussed in the framework of the national question have been almost a forbidden subject of debate throughout the political spectrum, although all progressives roundly denounce racism, discrimination, and exploitation. In contrast, we have seen a number of intellectuals and sectors of the UN system grappling with the indigenous question, and a growing indigenous intelligentsia spelling out visions and demands of their various communities and nations.

Many questions are posed regarding the political sense, and even the theoretical correctness, of social mobilization of oppressed groups for self-determination. Yet, there are fewer questions about the elements that produce ethnic unrest. One area that requires examination is the role of the modern state in general, and even more significantly, the particular historical development and role of states in the Americas. Linked with such a question is the apparent existence of dominant ethnic groups and their role in determining the necessity for oppressed groups to mobilize, if not for self-determination, then at least in self-defense. Finally, it must be asked, whose interests are served by the suppression of the self-determination of oppressed national groups?

The state is not necessarily an enduring entity as we know, nor is it an objective judge of the status of oppressed groups. The state is itself often the key factor in setting off nationalist movements. It is not surprising that Indian communities have sought some form of international protection, given the lack of choices available. The historical

role of states in the Americas has not been such that Indian peoples could expect vindication from that source. The American states have claimed the roots of their nationalist projects in European developments, particularly the founding of the United States and the French Revolution, which promulgated individual rights, not national self-determination. Nationalism, in such a context, becomes a communal expression of individual wills with the state as a framework.

States in the Americas have institutionalized and legitimized public ideologies that sanction individual rights, while discrediting the possibility of collective rights. The promotion of individualism has undermined Indian communities and made such social relations appear backward or not modern. Attempts at group mobilization in the Americas are often transformed into efforts by members of the group to acquire individual benefits as caciques.

In reality, the states of the Americas, including and particularly the United States, have developed as artificial states with little of the horizontal dynamic or integration that creates nations or nation-states. From their inception, they have been highly centralized and based on military power. Not only were Indian communities the first to feel the effects of powerful state development via the military sector, but they also served as cannon fodder in the ranks of those armies.

Questions are raised as to the legitimacy of the Indian nationalism or identity known as pan-Indianism. Given that the social and cultural identity of the many peoples of the Americas derives from specific languages, cultures, and territories, is the term "Indian" viable? The American states, like their colonial mother countries, have always insisted on dealing with an ethnic entity called Indian. This, I think, was not only a function of colonization, but also recognition of pre-colonial Indian civilization. In the contemporary Indian movements, there can be no doubt that the Indian national identity is a reality that won't go away.

The Indian reality today is not the precolonial reality. Imperialism, but even more particularly colonialism and local ruling classes have suffocated the development of indigenous communities. They have thereby converted these peoples into national minorities even where they constitute the majority of the population. The exploitation of Indian labor in Latin America acquired the character of national oppression in which Indians were organized according to an ethnic division of labor. This introduced discrimination between them and the dominant population of mestizos or whites who were favored for higher wages.

The division of labor by race followed the need to exploit and take over land and resources as well as the geopolitics, which historically defined legal racial status. Such a division of labor made the unification of workers difficult.

As I mentioned in the beginning of this paper, José Carlos Mariátegui, one of the leading Latin American socialists in the 1920s, saw the indigenous question as fundamental. Pressure to deal with the national question in the Americas came from the Communist International in the late 1920s. The world meetings of the International in 1928 and 1930 recognized the existence of the Black Nation in the southern United States. Similarly, at the first Latin American Communist Conference, held in 1929 in Buenos Aires, the Peruvian delegation presented a paper on "The Racial Problem in Latin America," the work of Mariátegui. The Communist International representative criticized the presentation precisely on the issues of the national question:

> It seems to me that the working papers confuse the racial question with the national question....The Peruvian comrades have correctly reacted against the idealist and petty-bourgeois conception...but it seems to me that they have fallen into the opposite error; that of negating the national character of indigenous struggles...Lenin said that "'every national question is ninety percent an agrarian question," but an equally serious error is to reduce the national question to a class question—the agrarian question.

The prevailing line that emerged from the conference was that the existing boundaries between states in the Americas should no longer be regarded as absolute, and that Indians had the right to self-determination, with the immediate possibility of establishing Quechua and Aymara republics in the Andes. It has not turned out that way—not yet—but the aspiration did not begin with the pan-Indian movement of the 1970s. And for the Indians, the aspiration for self-determination undoubtedly is as old as colonialism itself.

How Mariátegui would have further developed the indigenous national question will remain a mystery, because he died less than a year after the meeting, aged thirty-five. But, his thinking on the subject remains important to build upon and may be found in his *Siete Ensayos de Interpretación de la Realidad Peruana*, which was first published in Peru in 1928 and republished in 1967. The book was published in English translation in 1971 as *Seven Interpretative Essays on Peruvian Reality.*

Mariátegui's approach to the Indian question is prefaced with the warning that: "As long as the vindication of the Indian is kept on a

philosophical and cultural plane, it lacks a concrete historical base. To acquire such a base—that is, to acquire physical reality—it must be converted into an economic and political vindication" (29, page numbers refer to the English version).

His historical materialist analysis of precolonial Inca society, the European invasion, Peruvian political independence, and its economic dependence, demonstrates the effectiveness of this method. Mariátegui offered a merciless critique of Peruvian historical development, particularly on the pretensions of the ruling class. He also dismissed the nearly sacred view of the Latin American "liberators": He wrote,

> The directors, caudillos, and ideologists of this revolution did not precede or transcend the economic premises and causes of this event....From the standpoint of world history, South America's independence was determined by the needs of the development of Western or, more precisely, capitalist civilization. The rise of capitalism had a much more decisive and profound, if less apparent and recognizable, influence on the evolution of independence than the philosophy and literature of the Encyclopedists. (6-7)

In assessing Mariátegui's programmatic approach to the Indian question, it can fairly safely be assumed that he had freed himself from the dominant chauvinism that appears when the question of Indian self-determination is raised. However, he did not propose separate nation status. He maintained that he supported the unity of the Peruvian state, but that the development of a unified nation-state was impossible without building into it self-determination for the Indian peoples, apparently up to but not including separate nation status.

Mariátegui's analysis, then, takes the form of a critique of regionalism and centralism in Peru, which reveals much, not only about the artificiality of the Peruvian political model, but nearly every other state of the Americas. Disputes between federalists and centralists in Peru are characterized as mechanical because they do not consider the economic structure of the country. Mariátegui argues that neither position has ever been a popular cause. Rather, federalism has been used to justify the position of large landowners and their clientele, while centralism has been supported by regional bossism. He identified centralism as a serious problem of the Peruvian state, but denied that federalism was the solution, if by federalism is meant administrative units without any basis in the traditions and history of the residents. He wrote: "The proletariat lacked any program or ideology of its own. Liberals and Conservatives looked down on the Indian as an inferior, different class. They either

tried to ignore the problem of the Indian or they did their best to reduce it to a philanthropical and humanitarian problem" (157).

He viewed the "problem of the Indian" and the "agrarian question" as the two most important issues in administrative reform; these should take priority over any problem relating to the mechanism of the regime, if not the very structure of the state. He identified three distinct regions in Peru—the coast, the sierra, and the rain forest.

> The Indian race and language, displaced from the coast by the Spaniard and his language, have fearfully taken refuge in the sierra. Therefore, in the sierra are combined all the elements of a region, if not of a nationality. Peru of the coast, heir of Spain and the conquest, controls the Peru of the sierra from Lima; but it is not demographically and spiritually strong enough to absorb it. Peruvian unity is still to be accomplished. It is not a question of the communication and cooperation of former small states or free cities within the boundaries of a single nation. In Peru, the problem of unity goes much deeper. Instead of a pluralism of local or regional traditions, what has to be solved is a dualism of race, language, and sentiment, born of the invasion and conquest of indigenous Peru by a foreign race that has not managed to merge with the Indian race, or eliminate it, or absorb it. (163–64)

Mariátegui maintained that the purpose of decentralization is to encourage union, not secession; not to separate and divide regions but to assure their unity within a functional rather than a forced association.

No authentic regionalist program has ever been attempted in Latin America. Decentralization, whatever form it has taken, has always been centralist in concept and design. Administrative decentralization should be discussed in the context of radical reform with the indigenous peoples at the center of such reform.

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The Struggle for Bolivia's Future

FEDERICO FUENTES

After five hundred years of domination and colonialism, more than fifty years since the introduction of universal suffrage, and following five years of intense social struggle, the indigenous majority of Bolivia, for the first time in December 2005, elected one of their own as president—the coca grower leader and head of the Movement Toward Socialism (MAS) Evo Morales. The victory—winning more than 50 percent of the vote—was more than an indication of the rejection of twenty years of neoliberal rule. Peruvian activist Hugo Blanco summed up the significance of this event when he wrote, "the new president is not the result of a simple 'democratic election' like the many that frequently occur in our countries, it is an important step in the path of the organized Bolivian people in their struggle to take power into their own hands."[1]

Morales's election marked the emergence of an alternative national project for South America's poorest country, coming on the back of a new cycle of revolutionary struggle which opened in 2000 with the concurrent "water war" in Cochabamba against privatization, the Aymara rebellion on the *altiplano* (the highlands to the west of La Paz), and the *cocalero* (coca growers) resistance in the Chapare region. Through a combination of street fighting and parliamentary battles, a policy of consistent alliance building and accumulation of social forces, and by focusing on the key national desires of the people—control over natural resources and a constituent assembly—Morales and the MAS leadership have forged a powerful national movement of liberation.

The Contest between 'Two Bolivias'

A recent chain of events triggered by the passage of a new agrarian reform law, part of Morales's "agrarian revolution," brought to the fore the political polarization gripping Bolivia today. On November 28, 2006, in front of thousands of cheering campesinos in La Paz, the left-wing president announced that the Senate had managed to pass the law after three senators broke ranks with the opposition, which had been boycotting the Senate and preventing it from convening.

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This move gave the government greater powers to redistribute land that was not performing a "social function." In retaliation, the right-wing opposition intensified its destabilization campaign. A series of *cabildos*—open town meetings—were held on December 15 in the four eastern departments (provinces). The largest of these cabildos, held in Santa Cruz, brought around a half-million people onto the streets. The meeting resolved to not recognize the new constitution being drafted by the Constituent Assembly, which began meeting in August 2006, if it did not include a form of departmental autonomy granting high levels of political and economic independence to the governorships.

That same day, Cochabamba Governor Manfred Reyes Villa called for a new referendum on autonomy for his department and declared support for "independence for Santa Cruz." Despite claiming afterwards that he had been mistaken in referring to "independence," his statements—in a department where 64 percent of voters rejected autonomy in a July 2 nationwide referendum and where support for Morales and MAS is particularly strong—signified his determination to trigger a showdown.

By January 8, 2007, tens of thousands of mostly indigenous campesinos, cocaleros, and water irrigators, together with workers and members of other social movements, had occupied the center of the city of Cochabamba, demanding Reyes Villa's resignation.

The protesters' anger grew after being attacked by the police, and they burned down part of the building housing the offices of the governorship. On January 11, residents from the middle-class northern suburbs of Cochabamba, incited by Reyes Villa and the mass media, marched into the center of the city armed with sticks, golf clubs, and firearms to confront the campesinos. They broke through police lines and viciously attacked the protestors. During several hours of street clashes more than a hundred people were injured and two killed. Only the intervention of Morales, who called for protesters to cease the demonstrations and opt for a constitutional way out of the crisis via a new law allowing the recall of elected officials, defused the threat of a widening confrontation.

These events brought into stark relief the two competing social blocs fighting to gain hegemony over the country's future, a struggle centered principally on control over Bolivia's gas reserves, the second largest reserve in Latin America. The battle over whether Bolivia should remain dependent on transnationals and the external market or move toward a process of integral industrialization of the country centered on gas and regional energy integration, so as to break imperialist domination, has

continued to deepen this contradiction.

On one side stand the pro-imperialist business elites from the eastern department of Santa Cruz, with direct ties to gas transnationals, large agribusiness, and the U.S. embassy. Their public face is the Santa Cruz civic committee and the four opposition-controlled governorships of the east. Through a concerted campaign they have begun to win over sections of Bolivia's important middle classes, many of whom voted for Morales but backed opposition parties for the departmental governors.

On the other side stand the combative indigenous and social movements rooted in the western highlands and the center of Bolivia, but which also reach into the east. Together with the middle classes they elected Bolivia's first indigenous president in 2005. Morales's victory on December 18, 2005, with 54.7 percent of the vote, was a product of two interlinked factors. First, after five years of intense social struggle, it marked the coming together of Bolivia's oppressed classes and the eruption of a national revolution, led for the first time by the country's indigenous majority. Second, it heralded the opening of a path out of the historic crisis of the Bolivian state, a consequence of internal colonization and imperialist domination.

How this social experiment—centered on a strategy of taking power and utilizing the country's natural resources to construct a radically new Bolivia—will be resolved is yet to be decided. Bolivia is in the sights of imperialism that views it as the weak link in the growing Bolivarian axis. The role of Morales as an indigenous president within this alliance, who is consciously reaching out to awakening indigenous movements of the region, is crucially important. The indigenous government in Bolivia is the high-water mark in the struggle for indigenous self-determination in the Americas—a major leap toward consolidating the right of the indigenous people to assert majority rule within a pluri-national country.

The Morales government has already begun to encounter a number of obstacles, not just in the form of a resurgent right wing, but also internal tensions within the movement and sometimes strong residual sources of disunity among various indigenous groups themselves.

Bolivia's fate is in the hands of the Morales leadership and the country's powerful social movements. The record of this rebellious nation, both in the past and present, along with the path that the Morales government has taken up to now, provide room for optimism.

From Resistance to Power

The creation of the Political Instrument for the Sovereignty of the Peoples (IPSP) in the 1990s—more commonly known as MAS, the name

under which it runs in elections—marked an important step forward in the history of struggle by Bolivia's indigenous peoples. Rooted in the cocalero movement of the Chapare region and the Yungas, it emerged as a political response to the U.S.-imposed "war on drugs."

Between the 1970s and the early 1990s, the Chapare region experienced population growth fuelled by a number of factors. The first half of the 1980s witnessed a boom in the price for coca, which coincided with the drought wave of 1983 in the altiplano region and the "relocation" of over 20,000 Bolivian miners as a result of the privatization of the mines in 1985. These events triggered a large migration of Aymara indigenous people, among them the family of Evo Morales, and miners—bringing together the strong indigenous identification of the former with the trade union militancy of the latter.

These radical political currents merged with the already existing cocalero syndicato, which began to act more as local powers than unions—regulating the distribution of land to individuals, carrying out transactions with state institutions on behalf of the cocaleros, mediating local disputes, and organizing community work, such as maintaining infrastructure, building schools, and repairing roadways.[2] With the intensification of the "war on drugs" in the second half of the 1980s, the syndicatos began to form armed self-defense committees to protect their livelihoods. Although the social composition of the syndicatos consisted of individual property owners, through these structures, the retention of communal indigenous practices, and the collective experiences of combating military intervention, strong bonds of solidarity and anti-imperialist sentiments were formed.

At the beginning of the 1980s, the syndicatos found themselves not only fractured locally into six different federations, but also strategically affected by the fact that four of them were affiliated at the national level to the Single Union Confederation of Campesino Workers of Bolivia (CSUTCB), and two were affiliated with the Confederation of Colonizers of Bolivia (CSCB). However, the struggle against the militarization of the region aided unification of the six separate cocalero syndicatos into the Six Federations of Cocaleros of the Tropics of Cochabamba, bringing forward a new leadership within the cocalero movement. Headed by Morales the cocaleros became the center of national resistance to imperialism. The powerful symbolism of the coca leaf—which not only provided a dignified livelihood for the cocaleros, but also encapsulated the continued resistance of the millenary indigenous cultures to foreign colonialism—along with a conscious policy of alliance building, helped

development of the cocaleros' nationwide support and influence. This expansion was aided when the predominately Quechua cocaleros gained control of the CSUTCB[3] in the early 1990s, reflecting a decline of the *katarista*[4] current of the Aymaras, which had suffered defeats and fragmentation throughout the previous decade.

Meanwhile, among the campesinos of the east, a self-identifying "indigenous" movement began to form. The principal organizations involved were the Confederation of Indigenous Peoples of the Bolivian East (CIDOB, created in 1982), the Assembly of the Guarani People (APG, 1986), the Indigenous Peoples of Beni Central (CPIB, 1987), and the Coalition of Ethnic Peoples of Santa Cruz (CPESC, 1994). In 1990, these groups initiated a march from the country's east to La Paz demanding a constituent assembly and land reform—the first signs of the revival of an explicitly indigenous-identifying movement, reclaiming their right to be included in Bolivian society.

The development of these groups was heavily influenced by two factors.[5] First, many of them were originally set up as initiatives of non-government organizations, which through this process aimed to secure funding. This dependence from birth on NGOs led to a moderation of these movements' demands. Second, the new movements were located in the heartland of the wealthier, white east—home of the gas transnationals, large landowners, and logging companies and were numerically very weak. In this context they began to view the state more as an ally than an enemy.[6]

In 1992, in the framework of "500 years of resistance," the cocaleros and the emerging indigenous movements were first able to articulate themselves. The creation of a political instrument, which was already being discussed within the CSUTCB—and pushed strongly by the cocaleros—was proposed as a measure to provide a political arm to the social movements, with the aim of moving "from resistance to power." This relationship was developed over the following year through protests such as the 1994 March for Life, Coca and Sovereignty. In 1995, the Assembly for the Sovereignty of the Peoples (ASP) emerged out of the Land, Territory and Political Instrument Congress held in Santa Cruz. Central to this new organization were the CSUTCB, the CSCB, the CIDOB, and the National Federation of Campesino Women "Bartolina Sisa" (FNMCB-BS).

Also in 1995, aligning itself with the United Left (IU) in order to meet the legal requirements to run, ASP won forty-seven councilors and ten mayoralties, all in the department of Cochabamba. In many cases,

notably the Chapare region, these councils were essentially dissolved and real decision-making power placed in the hands of the assemblies of the local syndicatos Again aligned with IU, the ASP won four deputies in the 1997 national congressional elections, including Morales and Roman Loayza, head of the CSUTCB. Divisions in the ASP following the elections resulted in Morales, together with the majority of the ASP, forming the IPSP.

By 2000, the IPSP had begun to assume a strong anti-neoliberal and anti-imperialist character, having moved beyond opposition to the criminalization of coca to raise national issues of sovereignty, indigenous rights, recuperation of natural resources, and the convocation of a constituent assembly. The fusion within MAS of indigenous, syndicalist, and nationalist currents created a type of "indigenous nationalism" in which indigenous pride was viewed as synonymous with the creation of a new, dignified Bolivia, and in which the *naciones originarios*, original or first nations, were seen as the best defenders of Bolivia's resources and sovereignty.

The Terminal Crisis of the State

With the advent of neoliberalism in Bolivia in 1985, the Santa Cruz elite, which had gained economic influence during the previous dictatorships, moved quickly to direct occupation of positions in the state administration and privatization of the nation. Through the establishment of several pro-oligarchy parties that "fought it out" in Bolivia's manipulated democracy and the co-option of large sections of the indigenous movement through a false discourse of multiculturalism and clientalist relationships, they were able to preside over an illusory stability. However the new century brought with it new social actors, such as the Coalition in Defense of Water and Life, which spearheaded the Water War, and the re-emergent radical Aymara current, reflected both in the periodic uprisings in the altiplano demanding indigenous self-determination and the rise of Felipe Quipse within the CSUTCB, displacing the Quechua-speaking cocalero leadership in 1999 and forming the Pachakuti Indigenous Movement (MIP), as the political representation of this current a year later. In 2002, MAS came second in the presidential election, with Morales losing by a margin of less than 2 percent. Combined with the votes of MIP, indigenous parties controlled a third of the Congress.

This new wave of struggle was the result of the three components of the historic crisis of the Bolivian state—the lack of economic development, due to its submission to imperialism, the social exclusion

of the indigenous people, and the lack of any real popular representation through the existing political party structures.

With the overthrow of President Gonzalo "Goni" Sánchez de Lozada in October 2003, the Santa Cruz elites were gradually displaced from the positions they traditionally held and lost direct access to decision-making at the national level. The social movements, still regional and defensive in character, continued to strengthen. These numerous movements spilled over into the national arena with the insurrectional movement of May-June 2005, and began to dispute the hegemony of the political and economic elites.

In sharp contrast to the October 2003 uprising, during which diverse sectors that had previously protested separately with their own demands concentrated in El Alto and the west, uniting only in response to government brutality, and declared simply, "Goni out!"—this time the various social actors were able to cohere across the entire country. Their demands centered on the nationalization of gas, with a significant majority also calling for a constituent assembly.

At the same time, the right wing, which had already begun to reorganize itself behind the banner of autonomy and had demonstrated its strength with a 150,000-strong march in Santa Cruz in January 2005, began plotting to avoid any changes in the hydrocarbon sectors and to depose Goni's successor, Carlos Mesa, who the elite felt was not one of them.

Squeezed between these two contending forces, Mesa resigned, creating a power vacuum. A showdown was imminent—those next in line to become president according to the constitution were viewed as direct representatives of the Santa Cruz right. The social movements collectively decided that, unable to take power through the insurrectionary road, they would push for the resignation of the next two in line to take the office of president, paving the way for a constitutional road out of the crisis, via early elections.[7] The convocation of massive mobilizations, called for by Morales and others, in Sucre—where the right wing had convened the national parliament to escape the social movements they believed were restricted to the west—and in Santa Cruz, demonstrated the national scope that MAS and the social movements had achieved.

With the social movements having forced through early elections, the right wing attempted to block elections for the congress, fearing a loss of power. They successfully achieved an electoral redistribution that gave Santa Cruz four more seats in parliament and the first direct elections of department prefects (governors).

Within the left, a realignment took place. None of the movements outside of MAS were able to cohere an alternative program, a reflection of both their political and territorial weaknesses. Neither the radical *indigenismo* of Quipse, nor the ultraleftism of Jaime Solares, who presided over the shell that is the Bolivian Workers Center (COB), nor the autonomist discourse of Oscar Olivera of Cochabamba's Coalition in Defense of Water and Life were able to put forward a platform to unite even a few of the social movements on a national scale.

Instead, it was the platform of Evo Morales and Alvaro Garcia Linera (now vice-president), calling for a constituent assembly and the nationalization of gas, that provided an outlet for those seeking a way out of the crisis. MAS's program was to promote a process of the *decolonization* of power, and renationalization of the economy and the state. The results of the December 18 congressional and presidential elections, where MAS received over 90 percent of the vote in the Chapare, around 80 percent in the El Alto and the altiplano, a surprising 30 percent in Santa Cruz, and a clean sweep of all the middle-class seats in La Paz, demonstrated the unification of Bolivia's oppressed behind a national project of liberation spearhead by the indigenous, campesino, and cocalero movements. It was an unambiguous expression of the desires and hopes of the indigenous majority, who had drawn large sectors of the other oppressed classes behind them, to begin to chart a new path for Bolivia.

Correlation of Forces

The cross voting (Morales for president, opposition candidates for other positions) presented a situation where MAS, although controlling the chamber of deputies was a minority in the Senate, and six of Bolivia's nine prefects belonged to the opposition. In addition to this, as Morales was quick to point out there existed the huge problem of the "colonial state": winning government was not the same as decisively winning power. Morales explained, "After hearing the reports of the commission of transition, I have been able to see how the state does not control the state, its institutions. There is a total dependency, as we have seen in the economic sphere, a transnationalised country."[8]

Even before his January 22, 2006, inauguration, Morales moved rapidly to initiate a change in the correlation of forces to his favor. As president-elect, Morales traveled first to Cuba and Venezuela, before visiting Europe and South Africa, returning via Brazil. The trip served not only to develop trade agreements, but also to signify the nature of political alliances his government would attempt to build at the international

level. Toward the end of April 2006, Bolivia further aligned itself with the Cuba-Venezuela axis, joining the Bolivarian Alternative for Latin America and the Caribbean (ALBA), and proposing the creation of "peoples' trade agreements," in opposition to the U.S. plan of developing bilateral free-trade agreements in the wake of the collapse of the Free Trade Area of the America.

Morales has also moved to incorporate Bolivia into the Common Market of the South (MERCOSUR) and has taken a very public stand on the negotiations over gas prices with Argentina and Brazil, the two bigger powers in the region and to whom Bolivia sends the overwhelming majority of its gas exports. Perhaps most importantly Morales has sought to build integration from below, reaching out to the indigenous movements of the continent, particularly in the Andes. The experience and example of an indigenous government is having significant ramifications in the debates and struggles of the indigenous peoples, something that the Morales government is very clear on and is actively encouraging.

Morales has further indicated his intention to strengthen the nationalist wing of the military. His first act was to retire twenty-eight generals who had been responsible for the "missile crisis"—the handing over of the Bolivian army's Chinese-manufactured missiles to the United States during the administration of Morales's predecessor, Eduardo Rodríguez—and promoted officers from intermediary posts. Morales then opened the military academy to indigenous cadets, who had previously been excluded.

During the May 2006 gas nationalization, the military was mobilized to occupy gas fields and take control of the gas transnationals' offices. This role allowed those in the military to share the nationalist sentiments of the people and the recuperation of their dignity as Bolivia's gas was returned to the control of the state. On February 9, 2007, these scenes were repeated as the military took over the newly nationalized Vinto tin smelter in Oruro. Morales also put the military in charge of twenty-five technical centers that aim to train future technicians for the mining industry. As is the case in Venezuela, today the Bolivian military plays a role in social programs such as tackling illiteracy, providing health care, and building infrastructure.

Through these measures Morales has endeavored to increase support within a military that historically has been divided along pro-imperialist and nationalist lines. According to Maurice Lemoine, the nationalist sections expressed themselves during the May-June 2005 uprising,

approaching MAS to support a civic-military coup to nationalize gas and convoke a constituent assembly.[9] While sections of COB had been calling for a "Bolivian Chávez" to rise out of the military, the nationalist sections in the military realized that only MAS could provide a solid support base for such an initiative.

In the same article, an unnamed close associate of Morales spoke of these events: "The proposal was rejected. Whatever doubts there may be about the democratic process, the people have paid for it with blood, death and exile. There is no question of halting it. And anyway the military would just have been a brake." Lemoine reported that following Mesa's resignation "it has been reliably reported that a group of generals met to decide which to support, and that during their deliberations a colonel entered the room, clicked his heels and announced: 'I think you should know that many officers regard the MAS as the only fit representative of our nation's dignity.'"

In the mid-1960s, the Military-Campesino Pact—an alliance in which campesinos, through para-state unions, were subordinated to the military government of Rene Barrientos—exploited the campesinos as a social base for the right-wing 1964-69 General Barrientos dictatorship. This time Morales is trying to reverse the formula in building a solid social base for his government. This was symbolized in an indigenous-military march on August 6 to inaugurate the Constituent Assembly. Campesinos from the most remote regions of the country were given rapid training in order to lead the parade.

In January this year, Morales called on the historic "Red Ponchos" of the altiplano to once again take up their Mausers, many of them relics of the 1952 National Revolution, so that side by side with the military they could defend the process. No one is willing to claim that a decisive transformation of the military, which has carried out more than 180 coups since 1825, has taken place yet. There is only speculation as to whether the nationalist sector has been able to impose itself within the institution, what is the strength of the right-wing faction that undoubtedly continues to exist, and what the middle sector would do if confronted with the possible break up of Bolivia.

Crucially, Morales has continued to organize and shore up his support amongst his main social base. Central to this strategy has been moving forward in the economic sphere—the nationalization of gas, a measure supported by over 80 percent of the population. While some have criticized the measure for being too moderate, Morales has continued to point out that the nationalization is a process aimed at rebuilding the

state petroleum company, YPFB, expanding state intervention to the entire productive chain, and increasing the industrialization of gas. Morales has stated that the process can only move forward with the continued mobilization of the people. To ensure this, Morales has made sure personally to deliver the fruits of the nationalization, traveling each week to numerous rural areas to hand out land and tractors, and to inaugurate new literacy and health care programs.

Despite heavy resistance over six months from the gas transnationals, which forced the resignation of Morales's first hydrocarbons minister, Andres Soliz Rada, all twelve companies have signed new contracts. The new gas contracts signed on October 28, 2006, created a surge of approval for the government. The controls will see revenue from gas increase from $608 million in 2005 and $1,261 million in 2006, to an estimated $1,572 million for 2007, and surpassing $6 billion in the next four years. Utilizing this growing support, Morales was able to push through his "agrarian revolution" and to approve new gas contracts on November 28, despite the opposition's boycott of the Senate.

Taking advantage of an error in the process of passing the contracts through Congress, the opposition launched another counterattack throughout March and April. Through its majority in the Senate, and its control over the mass media, the opposition attempted to block the passing of the contracts as they had to once again go through Congress, launching a scathing attack on the MAS government for causing "economic damage to the state." This would involve an attempt to cloak themselves in a nationalist guise. Although Congress has now approved the contracts—unanimously—the gas transnationals continue aggressive intervention, attempting to put a brake on this process. On January 24, 2007, Brazilian president Luiz Inácio "Lula" da Silva announced that his country, on behalf of Petrobras, would be demanding $215 million for two oil refineries that Bolivia is hoping to nationalize. These are the same two over which Soliz Rada lost his ministerial position after taking a "hard-line" stance on their expropriation. Pushing forward with its nationalization program, the Morales government refused to pay more than $112 million—just above the price paid by Petrobras in 1994 to acquire the refineries during the privatization push in the first Sanchez de Lozada government—a price to which Petrobras finally caved.

In contrast, integration projects between Bolivia and Venezuela are laying the foundations for industrializing the gas industry, as part of the Petrosur project of uniting state oil and gas companies in Latin America as a buffer against imperialist control over these resources.

There have been steps forward in the process of renationalizing the mining industry, however these, too, have exposed some of the hurdles facing the revolution. In early October 2006, cooperative workers turned on workers employed by COMIBOL, the state mining company, over control of Bolivia's largest mine. Walter Villaroel, the ex-president of the National Federation of Cooperative Miners (FENCOMIN) who through a pact signed between FENCOMIN and MAS had become mining minister, played a key role in triggering this crisis, when he put the interests of his sector above the necessities of the government's project. The corporative nature of Bolivia's social movements, many of whom outside of moments of crisis retreat to defend their own sectoral interests, has in some cases caused problems when representatives of these movements have become ministers.

Villaroel was forced to resign and Guillermo Dalance, a former COMIBOL worker, was installed. Dalance moved ahead to incorporate 4,000 cooperative workers at Huanani into the COMIBOL, joining the 1,000 already employed by the company, with the government regaining operative control of the Huanani Mining Company.

The recuperation of the Vinto tin smelter in February 2007 marked a further step forward in the process of nationalization. However, the unauthorized visit of Dalance to Cuba to sign a mining agreement, as part of ALBA, resulted in his forced resignation and a temporary stalling of the process. The challenge of improving coordination between the president and his ministers has been an arduous one. Yet, the secrecy over the reasons for Dalance's resignation, and the constant change in teams, not just in the mining sector but also in hydrocarbons (there were four different presidents of YPFB in the first year of Morales's government), indicate obstacles to the ability to set out long-term strategies, particularly in these two key sectors. It is also a reflection of the lack of patriotic technical cadre capable of pushing forward in the different areas of MAS's project.

To these problems can be added the lack of adequate spaces for the government and social movements to debate strategies in order to develop a clear line of march. Much of the first year of government has relied heavily on Morales for the day-to-day solving of problems, rather than the implementation of a clearly articulated, strategic government plan. The nature of MAS—more a diffuse confederation of social movements and ideologies than a political party—exacerbates this, as corporative alliance building is prioritized over real political unity. In the rural areas, the structures of the campesino movements are the political

centers of MAS, while in the city areas MAS branches are dominated by clientalist relationships and opportunist elements in search of jobs in the state bureaucracy.[10] The space for democratically resolving these tensions is limited by the current MAS structures. The move to create the National Coalition for Change, bringing together representatives from the ministries, the Congress, the Constituent Assembly, and the social movements, could be a response to this.

The Battle for a New Bolivian State

The biggest flashpoint has been the Constituent Assembly, through which the movements hope to "constitutionalize" the steps forward taken so far, and out of which they hope to construct a new Bolivia. This new Bolivia would be based on recognition of the indigenous majority through a united, pluri-national, decentralized, social, and communitarian state. Decision-making power would be exercised by the indigenous and social movements through the creation of communitarian social power.[11] Such a state would "be the principal actor in economic planning and production, imposing a policy of equal distribution of the benefits" and would control all nonrenewable resources together with the indigenous communities that live in those regions. Fundamentally, the aim is the creation of a new state power through which the indigenous majorities can play their rightful role in Bolivian society.

By raising the banner of "democracy" and disputing the definition of the two-thirds majority that the Constituent Assembly requires to adopt a draft constitution, the opposition have worked furiously to stall any possibility of a radical transformation through this body. MAS argued that the law only requires the final text to be approved by two-thirds of the participants, with individual articles being approved by 50 percent plus one vote. The first six months of the twelve-month term of the Constituent Assembly saw a deadlock, with the opposition refusing to budge over the rules and regulations of debate within the assembly. The opposition's calls for "democracy" signaled an attempt to reach out into the country's west, as its push for autonomy was gaining no traction outside of the right wing's already consolidated eastern base. A combination of street demonstrations, a concerted media campaign, and the troubles in the Constituent Assembly have worked to swing a section of the urban middle class behind the opposition.

Confronted with this dilemma, the Morales leadership has opted for a change of tack reflected in the growing weight of the line of Garcia Linera: avoid unnecessary radical discourse, work toward achieving

consensus in order to move forward, and win back the middle classes.[12] The shift in policy was signaled by MAS's proposal for breaking the Constituent Assembly deadlock: any article not approved by two-thirds will go separately to the popular referendum on the new constitution. Furthermore there has been a shift in the official position on the thorny question of regional autonomy—to support autonomy but based on solidarity, within the framework of national unity, knowledge of the regions, and the indigenous peoples[13]—and changes to ministers about whom the most questions have been asked.[14]

Rather than a political retreat, these moves are a reflection of the current balance of forces in Bolivia. Part of the political struggle today is the need to project a viable and convincing course to defend the territorial integrity of the country, in response to threats of its disintegration, and to create social stability. These issues weigh heavily on the minds of middle-class elements and important sections of the armed forces. This also adds weight to the need to concentrate on widening the scope of political struggle against the right. The right, well aware of this, seeks to avoid political struggle, focusing on provocations, street violence, and threats to defy constitutional authority wherever it has the strength to do so.

It is clear that the process of change that Bolivia is now experiencing under the leadership of the social movements and MAS is the only real national project for the country. The ability of MAS to articulate the aspirations of the radical social movements in the west and those in the east—which have matured politically and organizationally at a much slower speed and find themselves in a vulnerable position—along with consolidating the support of the middle classes, is crucial to the advancement of this project. So far, the few isolated "radical" protests that have appeared outside MAS have taken a corporative character, criticizing the government for not doing enough, proving no viable left alternate project exists.

As they prepare for bigger clashes to come, the right wing today is clearly trying to weaken this front by scaring the middle class into its arms, promoting demoralization by stalling the process, and provoking the radical sectors into unnecessary confrontations. The MAS leadership has a difficult challenge ahead: keeping Bolivia's diverse social movements and the middle classes united and mobilized behind a common project of liberation. This next period of debate in the Constituent Assembly—accompanied by the mobilization on the streets of the social movements—will be crucial in determining if the current path being

charted will lead the country toward a new Bolivia or towards the abyss.

Notes

1. "Bolivia-Perú," *Rebelion*, January 4, 2006.
2. Alison Spedding, *Kawsachun coca* (La Paz: PIEB, 2005).
3. The CSUTCB was formed as a result of the breakup of the Military Campesino Pact which sustained many of the right-wing dictatorships in the 1960s and 1970s. It emerged primarily from the Aymara struggles, who refusing to be integrated via the transformation into "campesinos" continued to hold onto their indigenous identity.
4. The current known as Katarismo emerged in the altiplano amongst urban Aymaras as part of a resurgence in indigenous identity formulated in the slogans "we are foreigners in our own country" and "we are exploited as campesinos and oppressed as indigenous peoples"
5. Pablo Stefanoni and Herve Do Alto, *Evo Morales* (La Paz: Malatesta, 2006).
6. Stefanoni and Do Alto, *Evo Morales*.
7. "Bolivia: Neoliberal Era about to End?," *Green Left Weekly*, November 30, 2005.
8. *Informe del President de la Republica, Evo Morales Ayma, en su primer año de gestion*, January 22, 2007, http://abi.bo.
9. "Bolivia: The Military Plan and Wait," *Le Monde Diplomatique* (February 2006).
10. "Bolivia: The Two Blocs within MAS," *Green Left Weekly*, September 27, 2006.
11. *Vision de Pais*, MAS-IPSP, March 2007.
12. "'Vamos a corregir las senales erradas,'" *La Prensa*, February 7, 2007.
13. Álvaro García Linera, Vicepresidente de la República. "Fue un error no liderar el pedido autonómico," *El Deber*, January 21, 2007.
14. "'Vamos a corregir las senales erradas'" *La Prensa*, February 7, 2007.

The Venezuelan Media and the 2002 Coup Against Chávez

On April 12 [2002], Venezuelans awoke to television personality Napoleon Bravo, host of Venevisión's *24 Horas* morning show, declaring "Good morning Venezuela—we have a new president." During this extraordinary television moment, the guests thanked the private media channels for their integral role in making the coup happen and explained in detail the plans leading up to the coup. They specifically underlined the key role of the private media in broadcasting the images that justified the coup....Later on that same program, Bravo hosted Rear Admiral Carlos Molino Tamayo, Leopoldo Lopez, Victor Manuel Garcia, and other coup participants who gave an in-depth account of the coup plotting and plans.

—Eva Golinger, *The Chávez Code*, 73

Workers' Power in Argentina

Reinventing Working Culture

MARIE TRIGONA

Nearly six years since Argentina's worst economic crisis in 2001, both the level of popular participation in struggles and the breadth of the political spectrum have been radically transformed. There has been a resurgence of struggle inside the workplace and Argentina's working class has turned to its historical tools for liberation: direct democracy, the strike, sabotage, and the factory takeover. Labor struggles in public hospitals, public universities, the bank sector, recuperated enterprises, and the Buenos Aires subway have resulted in new visions and victories for the country's working class.

However, in contrast to this resurgence of labor, social movements, especially unemployed workers' organizations, have become deeply fragmented and some have even been co-opted. Even the most radical have renounced the forms of resistance used during the late 1990s: direct action, popular assemblies, and road blockades. Nevertheless, as living conditions in Argentina have continued to deteriorate, many compañeros have begun to regroup to initiate campaigns unheard of in the 1990s—the decade of privatization and the destabilization of the working class. During Argentina's crisis in the 1990s, demands were limited to increased unemployment subsidies. Today, workers have organized in internal commissions functioning autonomously from traditional unions to demand livable salaries and improved social conditions.

Landmark Workers Struggles

In his essay, "Workers' Liberation and Institutions of Self-Management," Tom Wetzel suggests that "if we are to create a society in which the people can directly control their lives, where workers run the industries where they work, the process of self-management must emerge in self-management of mass organizations of working people" (http://nefac.net/node/2091).

Argentina's new organizing initiatives have led to the creation of a broad mutual solidarity network, self-management of workers' struggles,

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and a new working-class culture. With the nation's recuperated enterprises at the forefront, a reinvigorated coalition of radical labor organizers is working to put into practice democratic alternatives and worker self-determination.

Subway Workers Fight with Wildcat Strikes

In the late 1990s, workers in the Buenos Aires subways began a slow struggle to form an internal commission within the bureaucratic, pro-boss Union of Transport Workers (UTA). The subway workers developed an organizational structure that emphasizes direct democracy and horizontal organizing—functioning as a general assembly with special commissions and delegates to coordinate the implementation of what is decided in the assembly. Subway workers won a six-hour workday with a series of surprise work stoppages in 2004, and in 2005 with wildcat strikes they won a 44 percent pay increase.

Former president Carlos Menem privatized the Buenos Aires subway in 1994, handing over the public concession to Metrovías, forming part of the Roggio transnational corporation. As soon as the subway was privatized the company restructured staff and work hours. They made the eight-hour workday obligatory, cut back salaries, and fired nearly 60 percent of workers. Previous to 1994 there were over 4,600 subway workers. As soon as the subway was privatized, the company employed only 1,500; 800 of which were newly hired. The new workers were mostly young, single men and women with little experience in labor organizing.

According to Roberto Pianelli, a current subway delegate, working conditions inside the subway deteriorated during and after Argentina's brutal dictatorship. "During the military dictatorship (1976–83) subway employees worked seven hours, previous to the military coup subway employees worked six hours. During the government of President Menem he hit hard at workers and our workday increased to eight hours."

The subway delegates' strategy was to organize independently inside the UTA. Rank-and-file workers began actively to participate in the UTA trade union elections, voting for rank-and-file workers for representatives as a method to prevent firings. Slowly, the rank and file won enough union representative seats to form an internal commission autonomous from the UTA trade union body. As the commission grew, the workers took the offensive with wildcat strikes to win back the six-hour workday, destroy the automated ticket machines, and demand an increased salary.

The subway workers' victory was to hit back at private companies—which for more than a decade had lobbied to undermine the labor

legislation that protected workers. The organizing efforts and direct action of the subway workers' body of delegates have been emblematic for the working class that up until 2003 had won few labor conflicts and continues to suffer from exploitive working conditions.

University of Buenos Aires economist Eduardo Lucita, a member of Economists from the Left (UDI), says that although the 1933 law for an eight-hour workday stands, the average workday in Argentina is ten to twelve hours. "Only half of workers have formal labor contracts; the rest are laboring as subcontracted workers in the unregulated, informal sector. For such workers there are no regulations for production rates and lengths of a workday—much less criteria for salaries." The average salary for Argentines is only around $200 a month, in contrast to the minimum of $600 required to meet the basic needs of a family of four.

Beginning with the 1976–83 military dictatorship, and continuing through the neoliberal 1990s, many labor laws have been altered to allow flexible labor standards. Argentina's three main unions failed to prevent the dismantling of labor protections during the 1990s. According to James Petras, the Confederation of Labor (CGT), the Peronist-leaning umbrella labor union, has allied itself with every government since the dictatorship—and even had arrangements with the dictatorship. Meanwhile, the alternative unions, such as the Central of Argentine Workers (CTA), Argentina's main state-workers union, and the State Employees Union (ATE), failed to support workers' demands and actions. As an alternative to these unresponsive unions, many public workers in hospitals, schools, banks, and transportation have led an initiative known the Class Struggle Coalition (MIC).

The Class Struggle Coalition (MIC)

Worker organizations throughout Latin America are proving that they can organize themselves effectively and democratically. Subway workers along with public health employees, public school teachers, telecommunications workers, train workers, and unemployed worker organizations have formed the MIC, a coalition of grassroots worker organizations that is working to coordinate struggling workers throughout Argentina. MIC's fourteen principles state a commitment to democratic organizing and unity among workers struggling against exploitation. Workers participating in this coalition define themselves as class-based, antagonistic to and critical of union bureaucracy. This coalition has gone so far as to create a long-term syndicalist school in Buenos Aires. MIC's first education workshop focused on "companies'

strategies for flexible labor standards and unions."

Fighting against Slave-Labor Conditions

Argentina has a notable tradition of labor organizing among immigrants. Since the nineteenth century, working-class immigrants have fought for basic rights, including Sundays off, eight-hour workdays, and a minimum wage. Today, the extreme abuses in the new sweatshops have prompted a new generation of immigrant workers to organize.

The Union of Seamstress Workers (UTC), an assembly of undocumented textile workers, has reported more than 8,000 cases of labor abuses inside the city's nearly 400 clandestine textile shops in the past year. Around 100,000 undocumented immigrants work in these unsafe plants with an average wage—if they are paid at all—of $100 per month.

Diseases like tuberculosis and lung complications are common due to the subhuman working conditions and constant exposure to dust and fibers. Many workers suffer from back injuries and tendonitis from sitting at a sewing machine twelve to sixteen hours a day. And there are other hazards. A blaze that killed six people in 2006 brought to light abusive working conditions inside a network of clandestine textile plants in Buenos Aires. The two women and four children who were killed had been locked inside the factory.

"We have had to remain silent and accept abuse. I'm tired of taking the blows. We are starting to fight, compañeros; thank you for attending the assembly." These are the words of Ana Salazar at an assembly of textile workers that met in Buenos Aires on a Sunday evening in April 2006. The UTC formed out of a neighborhood assembly in the working-class neighborhood of Parque Avalleneda. Initially, the assembly was a weekly social event for families on Sundays, the only day textile workers can leave the shop. Families began to gather at the assembly location, situated at the corner of a park. Later, because Argentina's traditional unions refused to accept undocumented affiliates, the workers expanded their informal assembly into a full-fledged union.

Since the factory fire that killed six people on March 30, 2006, the UTC has stepped up actions against the brand-name clothing companies that subcontract with clandestine sweatshops. The group has held a number of *escraches*, or exposure protests, outside fashion makers' offices in Buenos Aires to push the city government to hold inspections inside the companies' textile workshops. Workers from the UTC also presented legal complaints against the top jean manufacturer Kosiuko.

To date, the union's campaign has had some successes. In April of 2006, the Buenos Aires city government initiated inspections of sweatshops employing Bolivians and Paraguayans; inspectors shut down at least a hundred. (Perhaps not surprisingly, Bolivian consul Gonzalez Quint has protested the city government's moves to regulate sweatshops, arguing that the measures discriminate against Bolivian employers who run some of the largest textile shops.) But since then, inspections have been suspended and many clothes manufacturers have simply moved their sweatshops to the suburban industrial belt or to new locations in the city. The UTC has reported that other manufacturers force workers to labor during the night to avoid daytime inspections.

Since 2003, thousands of reports of slave-labor conditions have piled up in the courts without any resolution. In many cases when workers have presented reports to police of poor treatment, including threats, physical abuse, and forced labor, the police say they cannot act because the victims do not have national identity cards.

Although the Buenos Aires city government has yet to make much headway in regulating the city's sweatshops, the UTC continues to press for an end to sweatshop slavery, along with mass legalization of immigrants and housing for immigrants living in poverty. Organizing efforts have not been in vain. In an important victory, the city government has opened a number of offices to process immigration documents free of charge for Bolivian and Paraguayan citizens, circumventing the Bolivian Consulate.

The UTC has also proposed that clandestine textile shops be shut down and handed over to the workers to manage them as co-ops and, ultimately, build a cooperative network that can bypass the middlemen and the entire piecework system. Already, the Alameda assembly has joined with the UTC to form the Alameda Workers' Cooperative as an alternative to sweatshops. Nearly thirty former sweatshop workers work at the cooperative in the same space where the weekly assemblies are held.

Olga Cruz now works with the cooperative sewing garments. She says that although it's a struggle, she now has dignity that she did not have when she worked in one of the piecework shops. "We are working as a cooperative, we all make the same wage. In the clandestine shops you are paid per garment: they give you the fabric and you have to hand over the garment fully manufactured. Here we have a line system, which is more advanced and everyone works the same amount."

Fired for reporting on abusive conditions at a sweatshop, Naomi

Hernández has also found work at the cooperative. "We are freeing ourselves, that's what I feel. Before I wasn't a free person and didn't have any rights," said Hernández to a crowd of spectators in front of the city legislature. She sent a special message and invitation: "Now we are fighting together with the Alameda cooperative and the UTC. I invite all workers who know their rights are being violated to join the movement against slave labor."

Recuperated Enterprises—Reinventing Working Culture

Argentina's worker-run factories are setting an example for workers around the world that employees can run a business even better without a boss or owner. The new phenomenon of employees taking over their workplace began in 2000 and heightened as Argentina faced its worst economic crisis ever in 2001. Nationwide, thousands of factories have closed and millions of jobs have been lost in recent years.

As the largest recuperated factory in Argentina, and occupied since 2001, the Zanon ceramics plant in the Patagonian province of Neuquén now employs 470 workers. Along with some 180 recuperated enterprises up and running, providing jobs for more than 10,000 Argentine workers, the Zanon experience has redefined the basis of production: without workers, bosses are unable to run a businesses; without bosses, workers can do it better. While these worker-run factories are forced to exist within the larger capitalist market, they are forming new visions for a new working culture.

In October 2005, the Factory Without a Boss (FaSinPat) cooperative, which now runs the former Zanon factory, won a legal dispute, pressuring federal courts to recognize it as a legal entity that has the right to run the cooperative for one year. As the October 2006 expiration date neared, the worker assembly voted to step up actions and community efforts. On October 20, 2006, the workers won a longstanding legal battle for federal recognition of FaSinPat for three years.

Argentina's working class has celebrated the FaSinPat workers' temporary victory. With legal status, the FaSinPat can concentrate on planning production, improving working conditions, and developing community projects. As part of this celebration, the cooperative has invited other workers to visit Zanon to learn that they, too, can function without a boss or owner. The workers' assembly has resolved that it is now in a position to teach others about self-management.

The term "self-management," as used in Argentina, is derived from the Spanish concept of "auto-gestión," means that a community or group

makes its own decisions, especially those kinds of decisions that fit into processes of planning and management. Zanon workers are putting into action systems of organization in a business in which the workers participate in all of the decisions. Worker self-management in Argentina is helping plant the seeds so that future generations can reverse the logic of capitalism by producing for communities rather than profits and empowering workers instead of exploiting them. Zanon has formed part of the movement of recuperated enterprises that are putting into practice democratic alternatives and worker self-determination.

Argentina's employee-run businesses are very diverse, each with its own specific legal standing and forms of organizing production. In almost all cases workers took over businesses that had been abandoned or closed by their owners in the midst of Argentina's financial meltdown in 2001. Typically the owners ceased production, stopped paying wages, and went bankrupt. The workers' decision to take over their plant was a decision made out of necessity—not necessarily out of ideology. The immediate concern of protecting their jobs motivated the workers to continue production without a boss or owner.

Many of the recuperated enterprises have functioned and competed in a capitalist market for years with no legal standing. Without definite legal status, many worker-run businesses have been at a disadvantage in dealings with suppliers and customers and have lost ground in the market.

Since 2003, workers have operated the cooperative Bauen Hotel in Buenos Aires with no legal standing or government subsidies. Since taking over the hotel, the workers have slowly begun to clean up the ransacked hotel and offer its services. The hotel reopened with a staff of 40 and now employs some 150. Employees have rallied since December 2005 to pressure the Buenos Aires city government to veto a law that would restore the hotel to its former owner. The city government refused to veto the law. If the Bauen cooperative does not succeed in pushing through a new favorable law they risk losing their hotel.

On a local level, the Bauen hotel has become a prime example of coalition building and the development of a broad mutual support network. In the midst of legal struggles and the challenges of successfully running a prominent hotel, the cooperative's members have not forgotten their roots. The nineteen-story worker-run hotel has become a political center for worker organizations, including FaSinPat. The floor is covered with beautiful high-quality porcelain tile, a trade between worker-controlled Zanon ceramics factory and Bauen. Regularly,

Zanon workers and other social activists organize events and stay at the hotel while visiting Buenos Aires. The MIC and subway delegates hold regular meetings at the hotel and stage rallies to defend worker self-management against state-ordered evictions.

The factory takeover has been used for over a century as a tool for working-class liberation. In many historical struggles, the factory take over was simply used to make demands heard rather than taking over production.

At a time when the Argentine working class is recently recovering from privatization and the attacks on labor laws, the recuperated enterprises are putting into practice a model—based on equality, direct democracy, and solidarity—that is radically different from the capitalist one. In that process, these recuperated enterprises are creating a new working-class subjectivity for the working class worldwide.

Increased Violence Against Workers

Thirty years of intense neoliberal policies have devastated the Argentine working class. In order to implement the current economic order a military dictatorship had to make 30,000 labor activists and students disappear during the 1976–83 military dictatorship. Some say that in the midst of human rights trials and union conflicts, the government is resorting to tactics that are reminiscent of the dictatorship.

Protesting students, teachers, public workers, unemployed workers, and indigenous communities have faced increasing hostility from the national government and respective provincial governments. President Nestor Kirchner has failed to raise the standard of living, and attacks against workers' organizations have increased in the last year. In 2006 national unemployment still stood at 12.5 percent, with over 5.2 million people unable to find paid work adequate to meet their monthly needs.

In the most recent case of direct state violence against workers, Carlos Fuentealba, a forty-two-year-old public educator, died on April 6 after a policeman shot him in the head with a teargas canister at short range. Fuentealba was participating in a road blockade that the provincial teachers union organized as a protest action, after a month-long strike to demand a pay raise and public education grants. The teacher's death has fueled opposition to the local government and coalition efforts among workers' organizations.

Argentina's main teachers union held a twenty-four-hour strike, while the state-worker umbrella unions held a two-hour work stoppage.

Striking public transportation workers virtually had Buenos Aires at a standstill. Buenos Aires subway union delegate Carlos Taborda said that workers were outraged when they heard the news of Fuentealba's death. "Every worker is affected by the death of the teacher. It doesn't surprise me that so many people protested today because when workers' human rights are violated, the working class here in Argentina mobilizes."

The teacher's death has fueled opposition to the local government and coalition efforts among workers' organizations. Social movements in the region have grown in the past years since Argentina's 2001 economic crisis.

Carlos Fuentealba is not the first worker to be killed for protesting in Neuquén. His death coincided with the tenth anniversary of the killing of Teresa Rodríguez, a janitor and innocent bystander shot by a police officer during a protest on April 12, 1997. Police shot her as she crossed a bridge that unemployed workers had been blocking in the oil town of Cutral-Có. It was one of the first *piquetes* (road blockades, which later became the method adopted by piqueteros nationwide). Teresa Rodríguez has become a symbol for the piquetero movement, but her murder has gone unpunished; the four police officers charged with the murder have been released and pardoned.

Since 1995, more than sixty people have been killed during protests in Argentina. Julio Talabera, an activist from HIJOS—an organization of Children of the Disappeared—says that governments support police brutality to instill fear and criminalize protest. In the past two years unionists have received threats and have even been attacked. Shortly after the UTC went public last spring with hundreds of reports of abuses, over a dozen of the union's representatives were threatened. And in a particularly shocking episode, two men kidnapped the nine-year-old son of José Orellano and Monica Frías, textile workers who had reported slave-labor conditions in their shop. The attackers held the boy at knifepoint and told him to "tell your parents that they should stop messing around with the reports against the sweatshops."

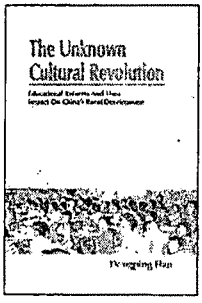
The Road Ahead

Even in the face of attacks many of Argentina's labor organizations like the subway workers, public health workers, and several worker-run enterprises have fostered a broad mutual solidarity network to defend workers rights. Subway workers have pledged their willingness to use striking as a direct action against state repression of labor conflicts. In Neuquén, Zanon has formed a broad mutual solidarity network among

local community groups, workers in struggle, and recuperated enterprises nationally and internationally. While doing so, the FaSinPat collective has turned into a major mobilizing factor in the Neuquén province.

Argentina's social organizations, just as in Chile, Uruguay, and Brazil, have faced new challenges due to the resurgence of the "progressive pink tide" of social democratic governments. Increasing police brutality, political arrests, and criminalization of social protest are just some of the challenges along the "pink road" ahead. How to continue to build a broad coalition movement is the biggest obstacle for Argentina's working-class organizations in the face of the government's attempts to co-opt organizations and implement pro-business policies, while cutting back public spending. Despite political challenges, Argentina's independent union organizing initiatives and recuperated enterprises represent the development of one of the most advanced strategies in defense of the working class and resistance against capitalism and neoliberalism.

RECENT CORNERSTONE BOOK



THE UNKNOWN CULTURAL REVOLUTION

EDUCATIONAL REFORMS AND THEIR IMPACT ON CHINA'S RURAL DEVELOPMENT

Dongping Han

China's official history maintains that the radical egalitarianism of the Cultural Revolution (1966-76) led to economic disaster. And when many people think of the Cultural Revolution (GPCR) they think of destruction and violence, red guard hooliganism, economic disruption, factional wars, violent army repression, closed schools, persecution of intellectuals, and ideological rigidity attacking people, buildings, and artwork. The Unknown Cultural Revolution (based on the author's doctoral dissertation) challenges that view and shows the other side of the GPCR.

Drawing on local interviews and records in rural Jimo County, Shandong Province, this study contends that the GPCR caused the overthrow of the local hierarchy, the establishment of participatory democracy and economic planning in the communes, and a large expansion of public services (including social security for the aged) implemented by the newly empowered people of this county. The author documents substantial and rapid economic development resulting from these changes as well as from the consequences of expanding education.

The author's village experience shows the potential of mass education and political empowerment of the masses to facilitate equitable rural development, and requires attention as testimony of the neglected, positive side of the Cultural Revolution.

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Dongping Han comes from a rural background in China, and has published works challenging the view that the Cultural Revolution was an economic disaster. He teaches at Warren Wilson College, North Carolina, United States.

Filming Fidel

A Cuban Diary, 1968

SAUL LANDAU

By late May 2007, Fidel Castro appeared to have recuperated from a difficult operation followed by a life-threatening infection. Instead of returning to public view in his ubiquitous uniform, he has transformed himself—at least temporarily—into a columnist for Granma, *Cuba's daily newspaper. In his columns he addresses the dangers and irrationality of converting corn into ethanol, using food that could feed the world's starving and hungry and transforming it into gasoline for the wealthy while further contributing to global warming; Bush's dangerous and inhumane war policies; the idiocy of England's new nuclear submarine, and the insanity of designing new Cold War weapons—all in the age of impending catastrophic climate change.*

The essayist Fidel exudes the same sense of astute practicality—a devastatingly cold grip on reality—combined with a seemingly inexhaustible optimism about the future, including the potential for creating one day the perfect human species, physically and morally. As I remember him in 1968, this political giant of our times had merged his Jesuitical education with texts from José Martí and the Cuban revolutionaries of the 1860s (don't forget Bolívar) and then Marx and Lenin, along with studies of agronomy and animal husbandry. This voracious reader and cosmopolitan intellect has also been the Machiavellian politician of the third world—getting the United States to import Cuba's enemies—and has emerged as the sole survivor of nearly fifty years of U.S. imperial wrath. The politician who has plotted the course of the Cuban revolution, from taking power to holding it, also has an opposite side. Don Quijote also lives inside Fidel Castro. This is reflected in Cuba's programs, bringing medical students from around the world to Cuba to become doctors at no cost and sending doctors to wherever Nature strikes the poor—Fidel offered them to the people of New Orleans after Hurricane Katrina, but Bush naturally refused.

Saul Landau is author of many books and producer of many documentary films. His most recent book is *A Bush and Botox World* (AK Press, 2007). His new documentary film is *We Don't Play Golf Here—And Other Stories of Globalization in Mexico.* To get a copy e-mail roundworldproductions@gmail.com.

As I read his essays, in Granma, *I think back almost forty years to the amazing jeep ride through the undeveloped mountain villages of eastern Cuba, during the filming of* Fidel *(1968), produced for public television.*—Saul Landau

In May 1968, I received a call in San Francisco where I worked for the local public television station. From Havana, Dr. Rene Vallejo, Fidel Castro's doctor and confidante, said: "Come down with your crew as soon as you can." In other words, Castro was ready to cooperate on a film portrait for public television. We arrived shortly thereafter and waited for seven weeks. What follows is a diary and commentary about the jeep trip with Fidel through Oriente Province in July 1968.

On July 5, 1968, at 3 A.M., the phone rang. "Be in the lobby at 6 A.M. Bring the whole crew and all your film equipment."

Three hours after receiving the curt message from Dr. Vallejo, two uniformed men walked briskly into the Hotel Habana Libre (formerly the Hilton) and helped me and the crew load cameras, lights, tripods, and a hundred rolls of film and audio tape stock into two 1958 Mercedes-Benzes. None of us (myself, cameraman Irving Saraf, soundman Stanley Kronquest, and my assistant and wife Nina Serrano) had any idea where we were going as the cars drove west through morning dew and pulled into a military airport in San Antonio de los Baños, about thirty miles west of Havana. From there we flew for twenty minutes on the Soviet jet to Varadero.

Fidel strode toward the jet. We shook hands and he apologized for keeping us waiting—only seven weeks—explaining it had taken him longer than he calculated to finish writing the introduction to Che's diary (the Bolivian notes Dr. Ernesto Guevara had kept while he commanded the 1966–67 guerrilla expedition. Bolivian Rangers trained by U.S. Special Forces—with CIA officials nearby—captured and then murdered Che in October 1967).

His face showed lines of stress as he talked. "He was betrayed," Fidel explained, with a bitter tone in his voice. "The strategy was not to blame. The Bolivian [Communist] Party promised they would provide the expedition with supplies, information, food, and weapons and also open an urban front, so that the *foco guerrillero* [mobile force of armed revolutionaries] could function properly. [Mario] Monge [the head of the Bolivian Communist Party] agreed on this and then reneged without telling us."

As the plane flew over Matanzas, heading east, Fidel began to describe how the people in Moscow had undermined the revolutionary agenda in Latin America, a theme he had stressed in his January 13, 1968, speech commemorating the closing of the Cultural Congress held in Havana. He had more than implied his disdain for the Soviet leaders when he referred to official Marxism as suffering from "pathological stiffening." He went further. "When we see sectors of the clergy becoming revolutionary forces [the Liberation Theology movement], how shall we resign ourselves to seeing sectors of Marxism [the Soviet Politburo] becoming ecclesiastic forces?"

He followed that startling criticism with a pointed joke. "We hope, naturally, that our saying these things will not bring about our excommunication, [laughter] nor, of course, bring the holy inquisition down upon us."

After his speech, the Soviets had not withheld oil,. but relations clearly remained cool. Fidel's facial expressions as he spoke of Che's courage showed pain. Then, he changed the subject.

"So, what are the rules for filming?"

I said we would film unless specifically told not to. He agreed. I gave him a Country Joe and the Fish album, explaining that this combined rock and social consciousness. He thanked me, albeit I thought I caught an expression of skepticism. He asked for our thoughts about the anti-war movement, civil rights movements, and black power. We gave him a brief explanation of how Martin Luther King's civil rights movement and the Student Nonviolent Coordinating Committee had split and how black power had arisen as a result of the experience of black organizers in the South.

He compared racial discrimination in pre-revolutionary Cuba to that of the United States. "There existed a clear level of discrimination in Cuba, but not with the degrees of hatred in your country." Castro related how the revolution had issued laws to end discrimination. He concluded that "in the United States imperialism and racial discrimination are tied together. You will have to liberate not only the black people but the white people as well."

The plane landed in Holguin, in northern Oriente Province some forty minutes after we took off. We unloaded our equipment. The crew piled into one jeep. With a small 16 mm Ariflex camera I got into the jeep with Fidel. We sped off to the El Mate Dam, which Fidel would inaugurate. We saw signs of towns that became famous thirty-five years later—Alto Cedro, Mayari, and Marcane—thanks to the Buena Vista

Social Club album.

We drove through the countryside. Newly cut cane fields, with large sugar mills, were nearby. Rural Cuba moved slowly, but Fidel's jeep caravan sped past small farms with tall corn and a few pigs and state farms with malanga and yucca growing. We passed *campesinos* (peasants) on horseback and sitting on rickety wagons.

The July heat baked the jeeps, but Fidel did not perspire. He talked about the importance of development above all things. He knew how many dams Cuba had, the output of its various energy systems, and also the figures he thought necessary to transform the island into a modern country.

The jeeps pulled up alongside the Contramaestre River, where a newly built dam stood. Fidel jumped out and greeted a waiting committee. We set up the tripod and gazed at thousands of people waiting to hear their "maximo lider" speak.

After a few warmup speakers finished explaining that the new dam would serve the entire region, Fidel, after much applause and a brief greeting to the crowd, continued with the thoughts he had begun expressing in the jeep. "A country that had lived with technical backwardness under economic exploitation did not even have the chance to try to train a minimum number of trained technicians to perform these tasks, without which there would be no way to emerge from poverty, misery, and absolute dependence on uncontrollable forces of nature."

In the crowd, peasants and young workers listened avidly. In the absence of newspapers, Fidel had become in Lee Lockwood's words, "Cuba's living newspaper." He gave information and explained. "We are not inaugurating this dam with the idea that we have done a great thing. This is an important dam because it is one of the first, because it became a school. because it gave us experience, because it was built with the enthusiasm, goodwill, courage, and the tenacity of our workers. We are inaugurating a dam that is simply the beginning of the enormous water resources undertaking that must be carried out throughout the country."

Dr. Vallejo, who I had met in 1960 on my first visit to Cuba, whispered in my ear, "I hope this trip will be a continuation of your education." He was referring to a conversation six years earlier when he directed the Agrarian Reform Institute (INRA), the most powerful force for change at the time, and he picked me up hitchhiking on a road near Santiago de Cuba. I told him I had left graduate school to see the

revolution. He asked what I thought revolution was and I gave him an academic answer about changing economic and social systems. He laughed and patted me on the back. "It's also a very profound change in how people view the world," he said. "You will see."

Castro continued. "No manual and no words describe what a revolutionary installation is. Perhaps many thought that on the day after winning the fight with weapons, we would become heirs of abundance, take full possession of the wealth, when the only certainty was that one day after the victory with firearms, we would begin the time of constructing the country, the time for building the wealth of the future."

Vallejo acted as a kind of guide and interpreter of Fidel's speech. "He is a teacher, you understand, for people who never went to school but must learn based on instinct and experience."

Fidel's tone rose in pitch as he enunciated his vision for the future. "Many good things may have been done by the revolution to liberate the people from the exploitation of their work as it was in the past, to liberate the peasants from exploitation by landowners, to liberate the workers from exploitation by the rich. Perhaps nothing can compare with what a revolution signifies when it liberates man from dehumanized, unproductive work, when it liberates man from working conditions that are barely different from those performed by animals and allows him to work under conditions incomparably more human. When there is no man in this country who has to cut cane, when there is no man who has to plow behind a yoke of oxen, when there is no man who has to use a hoe to cut weeds...when man...does not have to perform that work, then the revolution will have performed one of its most human accomplishments and will have moved from working conditions fit for beasts to working conditions that are truly human."

After the speech, we toured the dam. I checked the tape Stanley had recorded.

"We have had to win a battle against time. We have had to overcome the backwardness of centuries in just a few years. How many stories have we heard about families who died in the past because they had no way to move in time, that is, members of the family died because they had no means to get to a hospital in time! Today, hospitals are scattered throughout the mountains. Nevertheless, roads are needed, and not a single place in the country will remain isolated. No one will be isolated, particularly when there are so many people who are happy because this dam has been finished."

Fidel asked the engineers questions about the height of the

installations. Then we sped off in the direction of the place where we would make camp for the night. In the late afternoon of July 5, 1968, Fidel's jeep headed the caravan of five Soviet-made vehicles. We drove south along back roads toward the Sierra Maestra. The paved roads gave way to dirt trails and I began to get some exercise while sitting: my kidneys not only experienced unusual up, down, and sideways patterns, but as the jeep bounced I got jabbed by the holstered pistol of Commandant Faustino Perez, who sat next to me, or by the ammunition clip of Commandant Leyte, my other neighbor in the back seat. Perez, a doctor and Minister of Health, had joined Castro's rebels in 1955, in Mexico.

Faustino became a leader of the July 26th Movement, named after the day in 1953 when Castro and 158 comrades attacked Fort Moncada to start the insurrection. He met with Fidel in Mexico, helping to prepare the guerrillas for their December 1956 invasion of Cuba on the yacht *Granma*. After Batista's forces ambushed the arriving expedition, Faustino stayed with Fidel for two weeks before they met up with Raul and other warriors at Cinco Palmas. Faustino became a captain and a member of Fidel's high command. Fidel then sent him to Havana to lead the urban underground in carrying out acts of sabotage against the Batista dictatorship and to support the guerrillas in the Sierra.

After organizing the failed general strike of April 1958, Faustino rejoined the guerrillas. After the victory he headed the Ministry of Recovery of Ill Gotten Gains. In 1961, he fought at the Bay of Pigs and subsequently in the fight to combat the "Counterrevolutionary Bandits" in the Escambray Mountains of central Cuba. He also was Cuba's first Minister of Hydraulic Resources and a Member of the Central Committee of the Communist Party. He served in a variety of leadership positions before he died in 1992 at age seventy-two.

Commandant Guillermo Garcia drove. This twenty-eight-year-old man was the first campesino to join Fidel's guerrillas during the insurrection (1956–58) in the Sierra. He became their guide and quickly rose to become second in command to Juan Almeida in the Third Front (Guantánamo) in Oriente. He became a Party Central Committee Member and Vice President of the State Council. He also served as Minister of Transportation.

Fidel rode shotgun. He smoked Cohibas, one after another, and resumed his commentary on the Soviet perfidy in Bolivia. I tried to allow the lush scenery and the bucolic atmosphere to etch itself into my mind along with the harsh words Fidel spoke about the "cowards in the

Kremlin."

The land of Central Oriente Province was filled with flourishing mango trees, spindly papayas, broad yucca leaves, and deep green corn stalks, amid acres of recently cut sugarcane. I asked Fidel to elaborate on his remark made on January 13 in his speech closing the Cultural Congress, where he alluded to ecclesiastical thinking in Marxist circles.

"What kind of revolutionaries refuse to support revolution?" he asked rhetorically. Irving and Stanley rode behind us in another jeep, damn it! We were missing Fidel on revolution and the Soviet Union. So, I tried to tape record in my mind. "We do not think for a minute that the Bolivian Party betrayed Che and the other *compañeros* [comrades] on their own volition. We know who dictates to Monge. They will say that 'now is not the moment for revolution.' Or they will justify their treachery on the grounds of not wanting to 'upset the delicate strategic balance with the imperialists.' So, why call themselves Marxists? Some of the religious people who have associated themselves with Liberation Theology have taken courageous positions. I don't mean only Camilo Torres" [the Colombian priest who joined the guerrillas and died in action].

The cigar smoke filled the jeep as we pulled into a rustic area where tents had been erected—presumably this was the place we would spend the night. The neighbors, an elderly couple, their children, and grandchildren, leaned against the fence, staring at the entourage of Cuban leaders. An ancient woman said: "Now, I can say I have seen him in the flesh." She let out a long sigh.

"Papito," getting out of his jeep, laughed sympathetically. Jorge "Papito" Serguera ran Cuban radio and television, and in 1963 he was Cuba's ambassador to revolutionary Algeria and the major contact for Che Guevara's Congo mission in 1964. He was a lawyer and had just received his doctorate in philosophy when he joined the guerrillas. As director of television and radio, Papito established a "hard-line" reputation, in contrast with his gregarious personality and lifestyle. In 1965–66, debates emerged among Cuban leaders about proper behavior and what music to broadcast. In these years, a campaign put idlers and homosexuals in work camps (UMAP). Silvio Rodríguez (Cuba's Bob Dylan) could not be broadcast. Papito was said to have even favored banning the Beatles. I had a few elliptical conversations with him before meeting with Fidel and he gave me a friendly smile as we approached the waiting neighbors.

"They're islanders," Vallejo explained to Fidel.

"Naturally, they're islanders," he replied. "They live in Cuba, an

island."

"No," Vallejo laughed. "They're from the Canary Islands."

"So that makes them double islanders," quipped Fidel as he extended his hand to an ancient woman leaning across the fence. He joked with the "islanders" for a few minutes, congratulating the older woman on being a great grandmother. "My mother didn't even want to become a grandmother," he laughed. We filmed in the low light, but had to quit when Fidel accepted the family's invitation to have coffee.

About thirty people piled into a dark *bohio* (the straw-roofed, dirt floor hut, that Cuban peasants have lived in for centuries) lit only by a kerosene lantern. Remarkably, the peasant women remained composed, at least outwardly, as they served the unexpected guests. The women must have run to their neighbors to borrow demitasse cups, from which we drank the strong, sweet, and aromatic brew.

Bodyguards showed us to our tent, with primitive cots and sheets to cover us. For dinner, Fidel had promised mule meat. But, luckily, Pedro, the cook, had prepared a more traditional roast, tough but tasty. In the center of each of the three tables under the mess tent sat large bowls of beans and rice. The table setters had placed bottles of water beside each place.

Fidel spoke about the importance of hydraulic resources and the genetics of cattle breeding, a theme he would elaborate on over the next couple of days. His knowledge of both subjects impressed me. He said he had begun immersing himself in books about animal husbandry and genetics so that Cuban cattle could produce efficiently, both for meat and milk.

He talked about the need for proper nourishment as part of a development strategy. "Milk," he explained, "is an excellent source of protein and contains other important nutriments. We must not only expand dairy production, but think about exporting dairy products. We also must produce huge quantities of meat, which will require an accelerated growth of good cattle breeding." He pointed out how the Cuban Brahmans and Zebu cows (from Africa) produced smaller amounts of poorer quality milk and meat compared to Holsteins, whose milk production ran up to nine times more than the local cattle. By 1970, he said, "We'll need to produce some four million liters a day." And by 1972, twelve million. "We can do this by not eating the females."

We finished our meat, drank another little cup of Cuban coffee, and retired to our tents. Irving filmed Fidel's tent, where the lantern burned when all the others had gone out. He had taken a text to bed on the

genetics of cattle breeding and Waldo Frank's biography of Simon Bolívar. The books would become conversational food for tomorrow's breakfast.

The Roots of Revolution

At 6 A.M., the sound of a helicopter woke me. I watched a large Soviet-made helicopter descend into a clearing near the camp site. A man in olive drab with a large briefcase jumped from the craft and ran toward the tents where some of Fidel's bodyguards greeted him and took the brief case. The man retreated and climbed aboard the helicopter, which then ascended into the early morning sky.

I nodded a good morning to the small group of bodyguards and other military personnel who were checking jeep motors and kicking tires. The crew slept, so I put my shoes on and walked to a nearby creek and watched some campesinos putting a halter on a yoke of oven. They gave a polite nod.

As I returned to the campsite a guard handed me a paper cup full of *café con leche*. The commandants had begun to gather in small groups. They greeted me politely. I chatted briefly with Vallejo, who inquired about how we slept. "The chopper," he told me in English, "brings the news and other papers Fidel needs to see." Vallejo had served in the U.S. Army during the Second World War and managed the American idiom as a result. When I first met him that day in July 1960, when I was hitchhiking and he picked me up along a back road, we conversed with my poor Spanish. Then he broke out into English and invited me to his office for coffee. He told me how he had delivered papers to the King Ranch, an offshoot of the famous Texas property, ordering their expropriation. "I knew the manager and his wife because I had delivered their babies. I told him I had bad news and handed him the papers. He laughed and told me I was a great joker. He called his wife, a very attractive woman from Texas and they offered me coffee as I explained to them that the expropriation order was real. They couldn't believe it and assured me that this meant the U.S. Marines would come to Cuba and that they felt so sad because they liked and owed me so much for delivering their babies. It was kind of sad. But that's the drama of revolution."

Fidel emerged from his tent, buttoning his trousers. Irving had begun to film and I explained to Fidel that we would not include any scenes in bad taste. He laughed and we entered the breakfast tent for Cuban tamales, served runny, in bowls. When Fidel finished eating, he lit a Cohiba.

"I read chapters of an entertaining biography of Bolívar by Waldo Frank."

The other commandants lit up. Irving filmed Fidel's blackened fingernails, his elegant fingers clutching the cigar. "This one scene—this is how Frank tells it because everyone has a different version—has a priest whipping up the crowd after a tremendous earthquake has devastated Caracas. Imagine, one million people died in that disaster."

The cigar smoke filled the tent. "Bolívar, standing in the crowd, got an ingenious idea. He strode up to the altar from which the priest was agitating the crowd saying that the earthquake showed God's wrath against the Republicans, the heretics, and godless. In those days you had to make the revolution against God." Fidel paused and puffed. The audience waited on his next words. "Bolívar whips out his sword and belts the priest three times, knocking him off the altar." The commandants laughed. "Three blows with the sword destroyed the priest's spell over the crowd. Bolívar took the offensive. I don't know what happened next because I fell asleep."

Shortly afterwards, the caravan moved up the rocky dirt roads of the Sierra. Fidel waved to villagers. They waved back. Those who actually saw who it was experienced a mild ecstasy. I tried to imagine these sparely populated mountains as the scenario for a two-year guerrilla war.

Fidel told Guillermo Garcia where to go. Guillermo pushed the jeep into the proper gears and maneuvered past coffee trees and skinny pines set against blue tinted mountains. Tropical July sun beat its heat into the jeep. Dust kicked up from the road. Fidel smoked and talked. "Crossbreed Zebus with Holsteins we get the first generation of what geneticists call Fls. These cows have already increased milk production. They inherit the milk producing genes of the Holsteins and the tropical resistance of the Zebus, African cows the Spaniards brought here." He admitted he had studied his animal genetics text before picking up the Bolívar book. "At the F4 stage in the breeding process the offspring should produce forty liters a day."

Fidel asked Guillermo to stop in a town with a few stores and houses needing paint. A crowd quickly gathered. Within minutes what looked like the whole village had gathered around Fidel's jeep. Fidel asked if they had enough milk. Yes, a woman replied in machinegun staccato: "But no transportation. We had a bus and then they took it away. Imagine!" Fidel winced.

"We have no ambulance either," said a man perched on a tree branch overlooking the caravan.

"They gave us a bus and then took it away," the woman continued. "They said the road was too bad so the bus couldn't pass. But you ordered that we have a bus, right?"

"I didn't know they had withdrawn it," Fidel replied. "At least they should have consulted me."

"But no ambulance is serious," continued the tree-based man. "In an emergency how will people get to a hospital, pregnant women for example?"

Fidel nodded. "Where do you take sick people, to Mayari or Marcane?"

They said yes to both. Fidel asked if the town still had midwives. "No, all gone," said another man. "Doctors now deliver babies."

Fidel distributed candy to the kids. "How's the school?" He asked everyone.

The fast-talking woman fired back. "The school is fine, but we have no uniforms for the kids. How can they go to school without uniforms?"

"In this heat, why do they need a uniform?" asked Fidel.

"Ah," said an older man, as if Fidel had imparted startling wisdom. The caravan returned to the bumpy road.

A bouncy hour later, the jeeps stopped in another village. An old man pulled on Fidel's sleeve. "I'm ninety-eight," he said, "and I need your help."

They chatted as villagers gathered. "I don't get it," said Fidel, who at six feet, three inches towered over the others. "Do you want the pension or the house?"

"The house, the house," the old man repeated. "No big thing. I'll make it from palm leaves. But these days who knows what's happening? The trucks go back and forth making all that noise and creating problems."

Fidel interrupted. "Problems? We're building the highway. You think it's a problem to have a paved highway?"

"They could just throw down some tar."

Fidel explained that they were building a highway.

"I never voted for those corrupt ones," the ancient one said. "For Batista that skunk, never."

"Did you ever vote for any good ones? Tell the truth," Fidel implored.

"I voted for Alfredo Zayas [president 1921–25]. He was good."

"What did he do?" Fidel laughed. "He built a statue in front of the presidential palace. That's all."

The villagers laughed, even the old man.

"Let's go, quickly," Fidel ordered. The jeeps sped away along the kidney-jolting road, higher into the Sierra where Fidel looked out from one mountain onto another.

"This was our theater of operations." He played with a long blade of grass he had plucked. "We fought them here. We won some small battles and a few big ones. At one point, we were dangerously close to being annihilated. This peasant, our guide, defected. They offered him money, rank, who knows what, and he sat in a plane and three times led bombers to the exact site of our camp. They bombed, and the last time almost got us. But after those failures to kill us off, they could no longer beat us."

Later that afternoon, the commandants lounged in the mountain grass and the very welcome shadows. Guillermo Garcia seemed introspective. I asked him if he was thinking of those "good old days."

He smiled. Fidel laughed.

"It took extraordinary character to make it as a guerrilla. Men who risked their lives and showed incredible courage in the urban underground found it impossible to endure the life of the guerrilla. Not just the biological deprivation and the need to be constantly mobile, but the sense of being out of one's place, one's environment." Garcia nodded. So did Vallejo, who spent a few months in 1958 with Fidel after leaving his gynecology practice in Manzanillo.

We remounted the jeeps and headed for the evening campsite, somewhere—I was lost—in Cuba's eastern mountains.

Making History

As the jeeps descended into a valley somewhere in the Sierra Maestra that evening, we saw in a clearing a row of tents. Fidel exploded. He told Guillermo Garcia that he had ordered Chucho to erect the campsite on the hill. "They've put me in a hole," he spat.

Fidel jumped out of the jeep and upbraided the smaller and leaner Chucho. His anger vibrated through the night air. "How could you bury me in this indefensible pit? You of all people know that you never make camp in a hole." Fidel cursed. Chucho shuddered. Fidel paced back and forth in front of him, repeating in different words the accusation of unpardonable stupidity.

In our tent, we shook our heads. Fidel's outburst had frightened us as well. The dinner was subdued and ended quickly. I saw Fidel's tent lantern burning, indicating he had begun reading.

In the morning, Fidel stood in front of Chucho again, with his arm

around him and loudly apologized for last night's verbal explosion. He hugged Chucho and told him how much he valued him, while repeating that he had been out of line, albeit "the idea of camping in a hole made him uneasy."

Chucho looked deeply relieved, as did all other members of the entourage.

Fidel explained that we would have a chicken stew for breakfast, pointing to the serving bowl filled with steaming pieces of chicken in gravy. Next to it, sat a bowl of freshly cooked rice.

Irving turned on the camera and Fidel pretended to be offended. "Imagine, getting filmed eating breakfast! What an abuse! Well, I better remember the French etiquette lessons I learned in school." He played with his utensils as if uncertain of the proper one to use for the chicken and rice. Everyone chuckled.

I asked him if he had kept a diary during the guerrilla years. He shook his head negatively until he almost finished chewing and answered.

"No, I never kept one. Che kept one. [So did] Raul [Fidel's brother] and Almeida [one of the 1953 attackers of Moncada and head of the army in 1968]. I had a very good memory and kept all the key details in my head. But a diary can have strategically negative implications. You can lose it if you're beating a hasty retreat and drop your backpack. Then the enemy can learn important details."

Fidel served himself a second helping of chicken and rice and continued. "A diary is important if you're thinking of history, like Napoleon, for example." Fidel turned to the other commandants. "I think it was in Elba where he was exiled, wasn't it?"

Several said, "Yes, Elba."

"No," Fidel retorted. "It was Santa Helena. He was exiled first in Elba, then in Santa Helena." He referred to the 1815 British imprisonment of the former French emperor on the island of Saint Helena. During his six years there, preceding his death, he dictated his memoirs. He died on May 5, 1821.

"He was concerned with his place in history. My concern was deeds, action. I was making history." He stood, lit a cigar, and said: "Well, gentleman, we have a long day. Let's get moving."

As the day's heat and the road's dust poured into the jeep and Faustino's pistol butt and Leyte's ammunition clip alternately jabbed me in the sides as the vehicle lurched helter skelter over and in the ruts, Fidel smoked and appeared to be lost in thought. I had yet to see pygmy

owls, miniature sized frogs, or wingless butterflies (their wings are invisible) which I read existed in these mountains. The jeeps climbed and I asked Faustino if we were near Pico Turquino, the highest point in Cuba, about 6,580 feet high. He nodded and pointed. I looked and saw nothing but mountains and trees.

Fidel had reason to look nostalgic. Not only had he lived in this region from December 1956 to January 1959, but he had shared it with other revolutionaries. Supposedly, in 1511, one of Columbus's men, Diego Velásquez, conquered Cuba. Chief Hatuey (of the Tainos) led guerrilla attacks against the better armed (with firearms) Spaniards. Like Fidel, he hid in the mountains and waged deadly assaults. But just as Batista found a peasant to reveal Fidel's location, so his air force could bomb it, Velásquez also discovered a traitor who showed him where Hatuey had hidden.

In October 1868, in the town of Yara, Carlos Manuel de Céspedes issued his Grito to launch the first independence war, and in 1895, in the second war of independence, at Dos Rios in the same area, Jose Martí began his fatal horseback charge against the Spanish machine guns. Fidel had much to reflect on. He descended directly from them.

Below, I saw picture postcard scenes of palm trees and meadows, with large buzzards making lazy circles overhead. Fidel returned to his theme of revolution. "Look at the revolutions that succeeded," he began. "Russia, China, Cuba, Algeria, Vietnam—all came about through armed struggle. Every time a revolutionary wins power through elections, or any non-violent means, he is quickly overthrown by his own army, in the service of the local ruling class and the imperialists. You would think that the Soviet leaders would grasp this elementary concept and support genuine revolutionary movements. What Che and the other compañeros were doing in the Congo and in Bolivia constituted a model that we had successfully employed in Cuba. A guerrilla foco needs the support of an active urban movement. It needs intelligence, logistical help, food, weapons, and a refurbishing of the guerrilla band. It also needs an active and urban front that carries out effective measures against the government. As we learned, our comrades in the cities carried out armed actions against Batista police and repressive forces. They did propaganda and sapped the legitimacy of the government with their continual assault on its authority."

He paused to puff on his ubiquitous Cohiba and continued, as the jeep bounced upward into the Sierra. "When the Soviets removed Che's support in Bolivia, it as much as doomed the mission." He looked bitter,

as if still grieving over Che and the other compañeros and also deeply disappointed in the behavior of the Soviets.

We entered a village where a baseball game was underway. Within minutes, Fidel had a bat and was swinging unsuccessfully at the local pitcher's offerings. He removed his cigar. No luck. He made a few jokes as the villagers offered to change pitchers.

"No," Fidel insisted, "as long as he's willing to pitch, I'll be trying to hit one."

He took off his hat, then his glasses. Still no contact. He tried throwing the ball in the air and swinging. No result. Annoyed at his apparent loss of coordination and complaining to Vallejo about how he had "lost my eye," he changed from his olive drab shirt into a jersey, put on cleats, and took the mound.

He gave me permission to stand behind him with a camera as he threw, semi side arm, but hard. His unorthodox delivery came with a natural curve. After a shaky start, he retired the side. One of the commandants whispered to another. "We could be here for three days if he doesn't belt one."

On his first at bat, clad in the white and red jersey, Fidel smacked a pitch between the center and right fielders and raced around the bases. The villagers applauded. The members of the entourage breathed a deep sigh of relief. Fidel gave a brief nod of satisfaction to Vallejo, he changed back into his shirt and army boots, and the caravan proceeded into other reaches of the Sierra.

The baseball stop showed Fidel's determination, a man who will not accept defeat, even at play. Lee Lockwood wrote in his book, *Castro's Cuba, Cuba's Fidel*, about Fidel playing dominoes until he had literally exhausted his competitors. Unfortunately, none of the ten U.S. presidents who tried to undo him understood this.

In the jeep, Fidel began to talk about how he had played baseball intermittently all his life, about one game he played with Camilo Cienfuegos. Guillermo Garcia said he remembered the game. "Camilo was catching and you were pitching." Fidel nodded as the jeeps continued their climb up the mountain.

Understanding and Overcoming Underdevelopment

In the afternoon of July 9, following Fidel's dramatic hit between the outfielders, the caravan resumed its crawl through mountain villages of the Sierra Maestra in Oriente. People poured out of their homes and laid their grievances and needs on Fidel. He shook hands and questioned them: "How is the milk supply?"

"We get about six liters from the best cow," said a village man.

Fidel stared at the man and turned to Commandant Guillermo Garcia, "They need F1s (a crossbreed between Zebu and Holstein) to have enough milk. With even one F1, this village would have protein."

Another man asked him to secure a pickup truck to make life easier. Fidel nodded.

"And the schools?"

"OK," said a woman, "but some kids want to leave the village because they can't go beyond sixth grade here."

At a nearby village, a black woman stuck her head into Fidel's jeep. "They're administering very badly here," she said. "Not sharing. If we have one sweet potato it should be shared by all, not hogged by the administrator and his cronies."

"What's this state farm called?"

"Patricio Lumumba," she said.

Fidel told Guillermo Garcia to note the name and promised the woman he would check. The caravan sped off through small villages along unpaved roads. Fidel asked for directions in one village and by the time the villagers had informed him a huge crowd had gathered to stare. Several women tried to touch his olive drab army shirt. His bodyguards glared, but to no avail. They touched and seemed contented to have contact with Obatalá, the creation of God's chief assistant and messenger.

In Cuban Santeria, according to Nelson Valdés, "Obatalá rules over the minds of humans as he represents education, learning and enlightenment. He cures and gives illnesses, is regarded by believers as the epitome of purity itself, and is associated with the highest of morals. Obatalá detests money and greed, and his main standard or concern is with justice" ("Fidel Castro, Charisma and Santería: Max Weber Revisited," http://www.unm.edu/~nvaldes/Cuba/caris.htm).

Twenty years later, while filming a sequel (*The Uncompromising Revolution* [1988]), I saw Fidel put his arm around a young machinist at a lens factory near Havana. As Fidel walked away, the man experienced a mild ecstasy, clutching the shoulder Fidel had touched. He made a kind of hallelujah motion. His companions ran over to share the event with him. Following this, Fidel put his arm around my shoulder. I wondered if I too should have a religious experience. I had to postpone the decision because I was too busy filming.

Following a meeting with villagers, we waited in a clearing and a large Soviet helicopter landed. Fidel and the film crew boarded and he

pointed to places from the co-pilot's seat, with Irving behind filming. He then began to talk about the nature of underdevelopment as jeeps picked us up at another spot and we headed toward the evening campsite.

"We didn't realize how difficult it would be when we took power and had to make a revolution in an underdeveloped country," Fidel recalled as he lit a Cohiba and rested his hand on the stock of the AK-47 mounted in a rack in front of him. We passed a countryside that illustrated his comments. Small patches of corn, malanga, and yucca grew on the small farms in the bucolic July heat. *Guajiros* (Cuban peasants) on horses, leading packs of burros laden with bags of coffee or on animal drawn carts, waved at the jeeps without knowing Fidel was in one of them. The mules had bells attached to them that sounded as if the animals were shaking to a Christmas tune in the middle of the Caribbean summer.

"What a difference between this place and Havana! The city had everything, fancy houses, wide boulevards, culture, art, and all kinds of services. The countryside had nothing." He talked about latifundias (large estates) and how the large sugar barons exploited the cane cutters.

The caravan stopped at a pineapple orchard. The farmer picked and peeled, with his machete, a few large and very ripe specimens. Fidel bit into it and exclaimed: "Mmm." He swallowed the juice and spit out the meat. I swallowed everything. It was the sweetest pineapple I ever tasted. And I was starving. I later realized my error.

Fidel held up what must have been a three-pounder for Irving to film. "I'm turning the bruised part away from the camera, so I can make a little propaganda for Cuba's pineapples." The farmer smiled, showing missing teeth. Fidel congratulated him on his product and asked him for his secret. The farmer shrugged and said he just paid a lot of attention, weeded the cultivated area, and used bat guano for fertilizer.

"Underdevelopment," Fidel continued as the jeeps pulled away, "is more than an economic or technological problem. It's also a psychological issue. The people have lived for so long without hope and the resources and education that make optimism possible, that they feel paralyzed by the challenges before them, the tasks required to build a nation."

"It isn't just that we lacked the scientists and the technology, which indeed we lacked," Fidel emphasized. "We had also lost a lot of the skilled and educated population. Three thousand of Cuba's six thousand doctors had gone by the end of 1960, 90 percent of our lawyers and most of the engineers, architects, chemists, etc. We had a longer learning process than we anticipated, but I think we've come a long way.

Obviously, we have a long way to go"

I began to understand the nature of underdevelopment as well as the results of eating fresh pineapple on an empty stomach. I fought to ignore the gas pains and concentrate on Fidel's wisdom.

"The imperial countries have no interest in the third world overcoming underdevelopment," he said. "Their interest is to continue exploiting them, only now most of the former colonies have formal independence. That doesn't make them independent. They have no access to modern technology unless the developed countries deign to share it with them."

I asked how he thought development could occur.

"In Cuba we are building roads. With roads comes access to schools, hospitals, culture, everything." I had seen construction crews at various sites. Alongside Soviet heavy machinery, men banged with large hammers.

He asked me how many miles of road had been constructed in the United States, explaining that roads were a key measure of development.

I confessed I had no idea. I thought I saw in his reaction a look of disgust at my ignorance on such a basic subject.

He continued. "Moreover, one must invest resources in the infrastructure that had gone neglected for so long. Not just building railroads from banana plantations to the shipping ports as United Fruit did in Guatemala, or railroads from sugar mills to the sea as they did in Cuba. The point is that the third world cannot afford to develop a society of consumers. Aside from the spiritual shallowness of such a society, we simply can't afford it."

Guillermo Garcia nodded as Fidel talked and smoked. The sun began to lose its intensity and the mountains cast shadows on the plains below. Fidel gazed at the horizon. The jeeps stopped at the side of the road. Fidel sucked on a weed and talked about "these veteran mountains," meaning "they have witnessed all the struggles since the first war for independence."

"This was our base, our home. We attacked the enemy [Batista's army] from here and we hit them hard."

I asked if he had always been confident the revolutionaries would win.

"There was one point at which they came close to annihilating us. A spotter plane flew over. One of the campesinos who had been our guide showed them where our campsite was. He betrayed us. They offered him money or some position. In any case, we couldn't figure out how they

could have hit us with such precision. They bombed three times and we just managed to get out by the skin of our teeth. After those episodes I would say we had overcome their best efforts and they could no longer have beaten us."

We remounted. The Soviet-made jeeps whirred and chugged over the hard packed dirt and rocks. That night Chucho had made camp on a hilltop and Fidel seemed satisfied. We ate mule. I smelled the horsey essence from a foot away and forced a piece into my mouth even as my nose screamed "don't do it."

As I fought either real or imagined indigestion, a meeting took place between Chomy (Dr. Jose Millar) and Fidel about the proper amounts of fertilizer and pesticide that would yield ideal crop results. A lawyer and a doctor directed Cuba's agricultural science. I also understood Fidel's insistence that the revolution's task was overcoming underdevelopment. He talked about quantities of fertilizer needed before the sugarcane plant emerged. I noticed he had placed one elbow on a pile of textbooks about soils, fertilizer, and animal husbandry.

Revolution as Education

The next morning, Fidel talked about agriculture at breakfast, as if preparing for his next round of speeches on the virtues of the crossbreeding of the Cuban cows with the superior milk producing and better beef cattle of the United States and Europe. I retained enough of college genetics to follow his argument about how with each succeeding generation the Cuban offspring would more resemble the milk abundant Holsteins, while retaining the immunity Brahmans and Zebus possess to tropical infirmities.

"Milk is a very complete food," he lectured me. "With increased milk production all Cubans would ingest adequate protein. The first steps to overcoming underdevelopment are those that ensure that the people have enough protein, good medical care, solid education. Without these basic investments you cannot move forward with meaningful development."

On the road through the Sierra Cristal on Oriente's north coast the skinny pines fluttered like botanical ballerinas in the early morning wind, as they were warming themselves before the sun came out. "Here Raul commanded," Fidel explained, twisting to look at me in the back seat of the jeep. "He and his men won important battles. They established a legitimate source of authority, one even the Americans had to recognize."

He referred to the March 1958 "Frank Pais Second Front" (named after the assassinated underground leader in Santiago de Cuba). On June 26,

1958, Raul's guerrillas ambushed a bus with fifty U.S. Navy and Marine personnel on board. The group had left the Guantánamo naval base for some rest and recreation and instead became prisoners of the rebel army.

Then, U.S. officials warned Cuban dictator Fulgencio Batista not to take actions that would endanger the hostages' lives. So, for three weeks Raul's impulse worked to stop military operations against the guerillas.

In mid-July, Raul and his close companion Vilma Espin, who he later married, met with U.S. Consul Park Wollam Jr. and Vice Consul Robert Wiecha, a CIA official working in the consulate. They met in the town of La Calabaza. Raul ordered the hostages freed.

Raul showed his "guests" that local residents got good—and free—medical care from guerrilla doctors. The rebels also fed the Americans well, albeit some did not love boiled green bananas.

The ploy turned Raul into a Robin Hood. Reporters who visited generally sympathized with his cause as did some of the hostages. Raul also gave invited foreign reporters a battlefield tour, including demonstrations of how Batista used U.S. weapons to kill his rebels and local supporters. He also used the opportunity to inform the press that Batista used the U.S. base at Guantánamo to refuel his bombers to hit rebel bases.

When Raul released the hostages, he opportunistically posed as a friend of the U.S. government, sending the hostages "back because their country needs them." This referred to Eisenhower's announcement of the deployment of Marines to Lebanon to help suppress a revolt against U.S.-backed president Camille Chamoun.

As Fidel chuckled over this ten-year-old incident, the jeeps pulled into Biran, Fidel's birthplace. His Galician father, Angel, had served in the Spanish army during the Spanish-American War of 1898 and later returned to Cuba to make his fortune as a farmer. Angel married Lina Ruz, also from Spain, some years after Fidel was born; not unusual for rural Cuba where itinerant priests dropped by every few years to marry and baptize.

In July, Biran possessed an almost stereotypical sleepy rural Caribbean town look. Some women washed clothes in a nearby stream. A few men on horseback joined clucking chickens in the dusty streets of small wooden houses in need of paint. Fidel jumped from his jeep and marched toward a more official looking structure with flaking blue paint.

"This was our school," he said leaning against a post. "We'd line up here during recess to determine who got to bat first. One day, I remember an argument occurred and the priest came up and whacked me

hard on the head. That was the norm in those days. Everyone behaved like a brute, one farmer toward another, boss and worker, and so on."

We went inside to escape the heat. He sat at a tiny desk with his feet sticking out into the aisles, his Cohiba smoking away. "In those days we didn't smoke in school," he quipped. He looked at the small classroom. "Nothing much has changed. The teachers punished barbarically in those days. They'd put you on your knees with grains of corn under your knees. I think I recall getting one of those....But since my father was the owner of a nearby farm," he pointed out the school window, "that was our farm over there." I saw palm trees and pasture land. "I suspect we got away with some stuff because of my father's position." During the agrarian reform, Castro's parents' farm was reduced to the 150-acre limit and later expropriated.

Fidel wrote dates on the school blackboard—1930, 1931. "I spent those years here, learned the alphabet." He sounded out the letters "a, ma ma, p, a, pa-pa pa." He continued, "I think there's a more modern method to teach reading these days. We studied a little geography, listened to stories and learned some poems. 'The shoes hurt my feet, the socks make me hot, but the kiss you gave me I keep in my heart.'"

As we left the school in the late afternoon, Fidel scanned the almost empty village and smiled. "I went to school here until I was seven, I think. Then, my father sent me to the LaSalle Academy in Santiago, a Jesuit school."

In 1942, he moved to Havana and attended Belen College, also Jesuit run, and then entered the University of Havana where he got his law degree in 1950.

Soon afterwards, the entourage traded jeeps for Alfa Romeos, which Fidel said he had gotten for bargain prices. It felt cramped in the back seat, and since he was bigger, he gave me the rifle to hold. He began to talk about how "only armed struggle can lead to real revolutions, revolutions that endure."

"How can revolutionaries claim power if the former army and those who control them remain intact?" he asked rhetorically. "That was what the Americans wanted when we beat the Batista forces. In late December of 1958, when it became clear that Batista's forces were finished, people at the U.S. Embassy tried to organize a bunch of so-called moderate officers to form a junta that would seize power from Batista, claim to be a new and clean government and then somehow prevent the revolutionaries from assuming control of the government. Of course, the officers immediately began to quarrel amongst themselves and so the

idea never took hold. It would not have worked anyway, not with the immense support we had. The U.S. government wanted to do all it could to stop us from taking power."

Castro was right. On December 5, 1958, the U.S. ambassador in Havana cabled the State Department: "Since inconceivable that US assist Castro and since probably too late to help Batista, US should promote and give full and actual support including arms to a military civilian junta. Group generally felt junta would be more likely to enlist wide popular support and would weaken Castro, if it included some of best elements of present GOC [government of Cuba], of political opposition, and of civic groups now supporting Castro. Those consulting with Ambassador Earl E. T. Smith included the President of Portland Cement Company, Havana, the Vice President of Moa Bay Mining, the Vice President of First National Bank of Boston and a high executive from Standard Oil."

On December 23, 1958, Secretary of State Christian Herter sent a memorandum affirming: "The Department clearly does not want to see Castro succeed to the leadership of the Government."

"Do you think the United States would have allowed us to take power if we had not won it by force of arms?" Fidel asked. I nodded. He spoke of how Washington knocked off the Iranian and Guatemalan governments because their armies were not people's armies. As Castro spoke in the hot, cramped Alfa Romeo of the need to make revolution by armed struggle, I began to fight sleep. The palm leaves seemed to beat a monotonous rhythm in the wind. I sucked mints, chewed gum, pinched my thighs, and did jaw exercises. To no avail! I think the days of filming and listening, the days of receiving the powerful vibrations that emanated from the man, had exhausted me. I admit I missed some of what he said. But he didn't miss that behind my dark glasses my eyes had forced themselves shut.

As we pulled into the campsite, he put his hand on my shoulder and said: "I think we should stop for awhile. I'll see you in Havana." He went off somewhere and the next morning we went to the Santiago airport and flew back to Havana—material for a film in the proverbial can. I do not think I spoke for a while—one day, maybe two.

Commentary from

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An Independent Socialist Magazine Founded in 1949

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At the end of May the Bush administration announced that the United States is planning on maintaining permanent military bases in Iraq on a model like that of South Korea, where U.S. troops have been deployed in massive numbers for more than fifty years. Despite the failures associated with the U.S. invasion of Iraq, Washington is openly proclaiming to the world that it intends to do everything it can to maintain a lasting military presence in that country. By doing so it hopes to retain the main spoils won in the war and to declare it a partial victory. The strategic objectives are obvious: to control Iraq and Iraqi oil, threaten Iran, and dominate the geopolitically vital Middle East. Thus Secretary of Defense Robert Gates declared on May 31 that he did not expect the United States to withdraw from Iraq as from Vietnam "lock, stock and barrel" and invoked the example of South Korea. Earlier that week White House Press Secretary Tony Snow, conveying the views of President Bush, said U.S. troops would remain but would be in an "over-the-horizon support" role to maintain security in Iraq—with permanent bases on the South Korean model. Lt. Gen. Raymond Odierno, in charge of daily military operations in Iraq, stated on May 31 that he supported the creation of a South Korean type U.S. military presence in Iraq. The message could not be clearer and can be summed up as: *Naked Imperialism: The U.S. Pursuit of Global Dominance* (see John Bellamy Foster's book with this title for an analysis of the larger forces at work).

It is common today to associate U.S. interventionism almost exclusively with neoconservatism. Nevertheless, progressives such as the

"U.S. Democrats and...European democrats and greens" often take on the role of "liberal imperialists"—according to Jean Bricmont, author of the new book *Humanitarian Imperialism*, just published by Monthly Review Press. Various imperialist wars, from Yugoslavia to Iraq, have been defended on liberal, human rights grounds. Those who support such "idealistic" interventions, Bricmont argues, often become unwitting "'objective allies' of monstrous undertakings." Bricmont's political and moral questioning of "humanitarian interventions" by the U.S. military and NATO raises issues that no one on the left or with genuine human rights concerns can afford to ignore. We strongly encourage *MR* readers to explore this book and discuss it with as many others as possible.

On May 20, a meeting was held in Cambridge, Massachusetts to celebrate two forthcoming publications from Monthly Review Press: *Inside Lebanon: Journey to a Shattered Land with Noam and Carol Chomsky*, edited by Assaf Kfoury (to be released this month), and *Biology Under the Influence: Dialectical Essays on Ecology, Agriculture, and Health* by Richard Levins and Richard Lewontin (to be published later this summer). Richard Levins spoke on the nature of dialectical biology. Paul Buhle talked of his long experience with *MR* since his early days as an SDS activist along with the impact of the magazine on some of those in the new SDS. John Bellamy Foster referred to dangerous world trends and the role of *MR* and Monthly Review Press in this context. Noam Chomsky concluded with a discussion of the most recent Israeli invasion of Lebanon and its relation to the overall crisis in the Middle East and world geopolitics. There was lots of time for socializing and the event was judged by us to be a great success. We would like to thank everyone present at the meeting for their support.

We would also like to offer our heartfelt thanks to everyone who contributed to our appeal to help get MR Press back on its financial feet. The $100,000 we needed was received, and more. The good news is that as a result of your generous support we will be able to continue Monthly Review Press pretty much as before.

In May the first issue of the new Korean-language edition of *Monthly Review* appeared, joining four non-English editions published in Spanish, Greek, Turkish, and Bengali, plus an Indian English-language edition. Unlike some of the other editions, the new Korean edition is not a monthly, but is to be published once or twice a year, translating selections from *MR*. It is published by Philmac Publishing Co. in Seoul. We welcome the Korean edition to our family of non-U.S. editions of the magazine.

Michael Yates, *MR*'s associate editor, is currently traveling around the United States promoting his new Monthly Review Press book *Cheap Motels and a Hotplate*. For information on his book tour and travels and his new blog go to: http://cheapmotelsandahotplate.org.

(continued from inside back cover)

observer doubt that the U.S.—once satisfied as to military feasibility—would interpret this as authorizing a physical intervention in India?

Limitation of U.S. obligations under the treaty to its present and future domestic law is a travesty of international law. International treaty obligations cannot be avoided by reference to domestic law. Yet comparison with Article 2.1 of the parallel agreement the United States negotiated with China in 1985 reveals that this is exactly the intention of those who have negotiated this agreement. The China-U.S. agreement Article 2.1 states:

The parties shall cooperate in the use of nuclear energy for peaceful purposes in accordance with the provisions of this agreement. Each party shall implement this agreement in accordance with its respective applicable treaties, national laws, regulations and license requirements concerning the use of nuclear energy for peaceful purposes. *The parties recognize, with respect to the observance of this agreement, the principle of international law that provides that a party may not invoke the provisions of its internal law as justification for its failure to perform a treaty.*

The U.S.-Indian agreement contains the identical language in its Article 2.1, except that the italicised sentence does not appear. Chinese insistence on this language is no accident. The United States Supreme Court has held that as a matter of U.S. law, a subsequent legislative act overrides a treaty:

> "A treaty...is in its nature a contract between nations, and is often merely promissory in its character, requiring legislation to carry its stipulations into effect. Such legislation will be open to future repeal or amendment. If the treaty operates by its own force, and relates to a subject within the powers of Congress, it can be deemed, in that particular, only the equivalent of a legislative act, to be repealed or modified at the pleasure of Congress. Congress may, as with an ordinary statue, modify its provisions, or supersede them altogether. In either case, the last expression of the sovereign will must control..." (130 U.S. 581)

This rule was announced in what is known as the *Chinese Exclusion Act* cases. In 1888 the U.S. Congress excluded all Chinese immigration, followed by the Deportation Act of 1892 affecting Chinese within the United States. The Supreme Court conceded that these Acts were in violation of express stipulations of existing U.S. treaties with China, but that the courts would not "call in question the validity or wisdom of [Congressional] action." If the other nation objects to the legislation, the U.S. Supreme Court said it may "take such measures as it may deem advisable for its interests, even to a declaration of war." These Acts remained U.S. law for half a century, until repealed in 1943. The China of 1985 knew well this humiliating history, but was by then an independent nation no longer subject to imperial *diktat*. The failure of the Indian negotiators to obtain recognition of the elementary international law principle that U.S. obligations under the treaty cannot be superseded by U.S. domestic legislation speaks only to a colonial lack of self-respect.

Let us be clear then as to what this agreement entails: the U.S. openly gains the power to threaten to deny ongoing fuel supplies (and even the forcible removal of supplies previously given) in order to control future Indian policy. Is this a remote speculation? We must recall that in the 1970s the U.S.

unilaterally cut off all fuel supply to Tarapur, in material violation of the previous '123' agreement between the U.S. and India of 1963.

But this is only one aspect of a larger issue. This deal is a part of an ongoing project to absorb India into the U.S. imperial sphere of influence as a 'strategic' junior partner. Joseph Cirincione of the Nuclear Non-Proliferation Project of the Carnegie Endowment for International Peace summed this up: "The crux of the announcement [of the initial U.S.-Indian nuclear negotiations] is what it tells us of the U.S. grand strategy, and that behind whatever else is going on here the U.S. is preparing for a grand conflict with China and constructing an anti-China coalition. In that scenario, India is even more valuable as a nuclear power, rather than as a non-nuclear country". (*The Christian Science Monitor*, July 20, 2005) India -United States joint military exercises are becoming common. The recent case of the nuclear powered aircraft carrier Nimitz anchoring in Chennai port was first presented as an isolated instance, but that was not the case. Joint U.S. -Indian naval exercises are now announced for the upcoming months in the Bay of Bengal. The basic U.S. strategy was set out in a 2002 Pentagon study entitled *Indo-US Military Relations: Expectations and Perceptions.* In this report a U.S. major general summed up the hoped for relationship: "The Indians will laud the relationship as a success if they obtain the technology that they want from the United States. We [the US military] will view the relationship as a success if we are able to build a constructive military cooperation programme that enables us to jointly operate with the Indians in the future". The report is candid that the goal is U.S. access to Indian bases and military infrastructure.

The Manmohan Singh government is deeply committed to this role for India as a junior partner in the neoliberal *imperium* of the United States. But it can be neither open nor honest about its programme. U.S. figures are under no such constraints. Nicholas Burns, Under Secretary of State, said of the agreement that "it had been an easy 'strategic' choice for Washington when faced with the question — should we isolate India for the next 35 years or bring it in partially now [under inspection and control] and nearly totally in the future". For Secretary of State Candoleezza Rice non-alignment is now 'irrelevant', and India must be brought into alignment with the U.S.: "how can we not afford to join each other, on a global scale, to support opportunity and prosperity and justice and dignity and health and education and freedom and democracy", she said. (PTI, June 28, 2007) Let us then contemplate the "justice and dignity and health and freedom" of Guantanamo, Abu Ghraib, Fallujah, Baghdad and the CIA's worldwide chain of secret torture prisons.

Step by step the Manmohan Singh regime strengthens the U.S. grip on India, turning it into a client and satellite. Alongside proceeds the stepwise extension of neoliberal measures, continuing the New Economic Policy introduced in 1991. Despite verbal fireworks in parliament, these conjoined paths have been followed both by the regimes dominated by the BJP and by Congress. Left parliamentary resistance has, at best, slowed the process. The time has come to build up an all out opposition from below, and for the Indian left to call a halt to this descent into a new type of overt colonial subservience. The announced '123' nuclear agreement must be resolutely opposed by every anti-imperialist

(continued from inside front cover)

terms binds only India *in perpetuity* to a control regime demanded by the U.S.

Though inequality lies behind the language of the entire document, it becomes explicit, for example, in Article 10, Sections 2 and 3, which read in relevant part:

> 2. ...India agrees that nuclear material and equipment transferred to India by the United States of America pursuant to this Agreement...shall be subject to safeguards *in perpetuity* in accordance with the India-specific Safeguards Agreement between India and the IAEA... [emphasis added]
>
> 3. ...Nuclear material and equipment transferred to the United States of America pursuant to this Agreement...shall be subject to the Agreement between the United States of America and the IAEA...

While this may appear relatively minor, insofar as transfer of nuclear material *to* the United States is hardly the aim of the deal, it actually goes to the heart of the matter. Even as to minor matters the U.S. is unwilling to bind itself but requires that India be bound. Again and again the United States is required to implement the agreement only insofar as it accords with what its national laws and regulations now *or in the future* may require (*See, e.g.,* Article 2, Section 1; Article 3 Section 3; Article 5 Section 2). Indeed a key section of Article 5 permits the United States unilaterally to disrupt future fuel supplies to India:

> 6 (b) (iv)... if despite these arrangements, a disruption of fuel supplies to India occurs ["friendly supplier countries...such as Russia, France and the United Kingdom" would be asked to a meeting "to pursue such measures as would restore" India's fuel supplies]

The passive voice ("a disruption of fuel supplies to India occurs") is a transparent fraud. The only fuel supplied to India referenced by the agreement is that from the United States. If a "disruption occurs" it can only occur because some future U.S. legislative or executive act is the cause. And the only consequence for the U.S. under this unequal agreement is that ... it will convene a meeting! Yet the very next subsection of Article 5 again subjects India to a very different standard:

> 6(c) ... India will place its civilian nuclear facilities under India-specific safeguards in perpetuity and negotiate an appropriate safeguards agreement to this end with the IAEA.

Having granted the U.S. a unilateral right to void the agreement by 'disrupting' fuel supplies, the agreement then proceeds in Article 14 to grant the U.S. a unilateral right at will ("on or before the date of termination of this Agreement"):

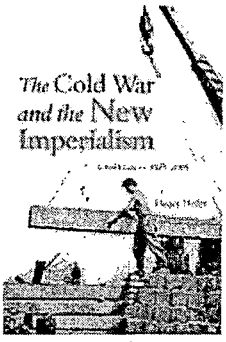
> 4. ...to require the return by the other Party of any nuclear material, equipment, non-nuclear material of components transferred under this Agreement and any special fissionable materials produced through their use...

The 'right of return' section even goes so far as to reference "the *removal* from the territory or from the control of the other Party" of this equipment and materials rather than the *return*. At this stage of history can any honest

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